

# JACOBIN





O, yes! The ruling class are worthy of study. The natural history of the ruling class is of fascinating interest. You begin with interest, you proceed with awe and admiration, you deepen into hatred, and you wind up with contempt for the nature of the beast. You realise that — *The Capitalist Class is the Meanest Class that ever grasped the Reins of Power.*

— James Connolly,  
“Our Rulers as a Study,” 1915

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# Front Matters

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DECANTING  
THE WINE

# Naming the Enemy

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The greatest trick the ruling class ever pulled was convincing the world it didn't exist. In the nineteenth century, supporters and opponents of capitalism both agreed that the system couldn't survive universal suffrage. But the triumph of liberal democracy has made it easier for the ruling class to hide in plain sight, at least in the centers of developed capitalism. Their social power is immense and often overwhelming, but mainstream political theory barely acknowledges their existence.

Before the rise of industrial capitalism, it was easy to say who the rulers were. Feudal aristocrats with vast landholdings exercised power directly, with a monarch or emperor at the apex of the state. Republics were rare, democracies nonexistent. Capitalist industrialization created new classes that demanded a role in political life. The modern bourgeoisie wanted a say in how things were run, but they didn't want their workers to have the same right.

For a long time, representative government came with all kinds of restrictions and safeguards to keep the masses away from decision-making. Property qualifications and literacy tests stopped working-class men from voting — and women couldn't vote at all. An elitist second chamber, like Britain's House of Lords, often constrained a parliament that was elected on a broad franchise. In many countries, it was the monarchy that really controlled executive power: parliament was little more than a theater.

This model of political exclusion lasted well into the twentieth century. It was only after 1945 that liberal democracy became the dominant political form in the countries that make up the rich capitalist world. Every adult there can vote for a directly elected parliament or presidency that holds the reins of power. According to liberal orthodoxy, that means we no longer have a ruling class, except in the banal sense that every system, however democratic it may be, will have an identifiable set of rulers.

But alongside that political structure, we still have an economic order based on vast concentrations of wealth. Not only have capitalists been able to hold on to their property in a liberal-democratic system — they’ve even gone on the counteroffensive in recent decades, reversing the trend toward greater equality and the expansion of social rights. How do they manage it?

The liberal theory of the state is an apologetic myth. Business is not just one “interest group” among many, pressing its claims upon the holders of state power. It has more political clout than all the other “interest groups” put together. There is a capitalist class whose members derive the bulk of their income from profit-making activities. They may compete ruthlessly with each other in the marketplace, but they will come together in defense of their shared interests with equal determination.

That doesn’t mean the relationship between political and economic power is straightforward. In *The Communist Manifesto*, Marx and Engels famously defined the modern state as “a committee for managing the common affairs of the whole bourgeoisie.” It’s a more sophisticated definition than it might appear at first sight. If the “whole bourgeoisie” has “common affairs,” there must be smaller subdivisions of the bourgeoisie with their own particular affairs as well.

There have always been conflicting interests among the propertied classes, such as those between landowners and industrialists, or between finance and manufacturing capital. Sometimes those conflicts have erupted into civil war, like the slaveholders’

rebellion in the United States. Even if the state elite is firmly committed to defending capitalist interests, its leaders will still have to adjudicate between different factions or favor one over the other.

The greatest challenge is making sure the state puts the interests of the “whole bourgeoisie” ahead of the rest of the population. The 1 percent can be outvoted ninety-nine to one by their less fortunate brethren. But they have many other ways of bending the state to their will.

Elections may be free, but they don’t come cheap. The corruption of the political process takes many different forms. Lavish corporate funding is available for parties and politicians that sing the right tune. Business tycoons control the means of communication and use it to push their own political line, denying people access to critical information and perspectives. Sometimes capitalists decide to cut out the middleman, using their fortunes and media empires to run for election themselves. Michael Bloomberg’s intervention in the 2020 Democratic primary made him the latest in a long list of political entrepreneurs.

Capitalist elites also exercise influence after the votes are counted. This can take relatively subtle forms, with the deployment of lobbyists to shape legislation and shoot down any measures that might compromise profit margins. If the government doesn’t back down in the face of such pressure, cruder weapons of persuasion are available: the threat of capital flight and investment strikes. As long as private capitalists control the main levers of economic power, they’re in a position to make everyone suffer through job losses and wage cuts if they don’t get their way.

Of course, it doesn’t often reach that point. Even if elected politicians were in mind to defy the capitalist class, they have to reckon with the “permanent government” of unelected officials who administer the state machine. The leading civil servants, judges, and army officers usually have the same social



and educational background as the captains of industry. Even if they don't, their current status and future prospects certainly place them in the top tier of society, with a compelling interest in preserving the status quo. They can chip away gradually at government policies to make sure those policies don't result in deep structural change. If that doesn't work, they can mount an all-out resistance, up to and including a military coup.

It's a tightly interlocking system that keeps the wheels turning for capital. Of course, the capitalist class doesn't always get what it wants. Most British capitalists didn't want Brexit to happen, but they wanted a left-wing government even less, so they never threw their weight on the scales against Boris Johnson's "hard Brexit" program. Like everyone else, our ruling class sometimes has to choose among options and decide whether its preferred outcome is essential or merely desirable.

Its members also have to decide whether or not to make concessions in the face of popular pressure. Limited reforms can help defuse opposition to the system as a whole. How much should they be willing to concede, and on what timescale? Coming up with the right answers is a key test for political craftsmanship, and individual capitalists with their eyes tightly focused on the bottom line often aren't the best people to make such calls.

However, the divisions of interest and opinion within the ruling class will invariably melt away in the face of a serious challenge to their power. That's when the essential unity and coherence of our rulers stands out in sharp relief. For socialists, the ultimate goal must be to change the class in power, not just the party in office, in full awareness of how dangerous and difficult that will be. It won't be the first time that people have had to struggle against a ruling class whose strength seemed impossible to overcome; hopefully, it'll be the last. ■



# Letters

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Email us letters — we'll  
print the fawning ones.

## All-American Populism

Great issue, as always, but I'm disappointed to see that my fellow Kansas native Tom Frank is losing the battle in the pages of *Jacobin* to return the word "populism" to its noble roots — not as shorthand for racism, xenophobia, and authoritarianism, but as an expression of popular solidarity coined by political idealists riding a wave of left-wing revolt by radical farmers and industrial workers.

If you're talking about the Right, use "fake populism," if you must.

— Jeff Mikkelsen, Cold Spring, NY

## DSA Hype

I appreciated Chris Maisano's excellent "A Left That Matters" editorial in the last issue. It did, however, incorrectly state that the 2015 Democratic Socialists of America (DSA) convention had virtually no media coverage.

In fact, the *Wall Street Journal* and *Pittsburgh Post-Gazette* both covered it. The former even had it on their front page, with a picture of leading DSA member Joseph Schwartz. The piece, "Socialism Network Finds New Friends," referenced the rising interest in socialism because of Bernie Sanders. The title became prescient, as DSA membership — around 5,500 at the time of the 2015 convention — exploded the next year and is nearly 100,000 strong today.

Of course, thankfully, this year's virtual convention will have way more than two newspapers watching the event.

— David Duhalde, Brooklyn, NY

## #JacobinPitches

**D** In the early years of the People's Republic, some socialists proposed that China should merge with the Soviet Union. Whatever practical problems this would have presented, the counterfactual of a socialist megastate could inspire a contemporary reworking of foreign policy. Against the tide of calls for a "New Cold War," the Left could propose a national union between China and a socialist-led United States.

**J** Those plans are still secret.

**D** Faced with the obstructionist architecture of the US Constitution, it is increasingly obvious that direct democratic alternatives are needed to advance socialism. A national referendum on the abolition of money could supercharge the debate. By offering a credible path toward a gift economy, the Left could leapfrog tiresome old debates about socialist transition.

**J** This isn't what we mean by "demand the impossible."

**D** Student debt burdens have created a sense of economic paralysis for many young people. With mainstream politicians offering only limited relief, activists must turn to direct action to strike against debt. The first step must be shutting down schools to end the debt treadmill. With the universities closed, activists could fan out into the countryside and drive transformational change.

**J** This is a strategy that could work, but we'll be honest — fewer students means fewer subscriptions.

**D** There has been limited government action to fight climate change, despite a growing consensus on its escalating painful effects. The ecosocialist left may be forced to propose a new, imagined crisis to induce radical change. Convincing the public that dangerous "chaos winds" caused by electromagnetic fields could be stopped with socialist reforms might reshape the debate in a deceptive but necessary way.

**J** You can't just submit this idea every year.

**Jacobin troll Donald Hughes (@getfiscal) has been pitching us every week for two years. We've compiled some of the best, and our responses, without edits.**

**D** Building the Left demands we envision the future we want. What would 20 million years of democratic socialism look like? Perhaps we would become luminescent orbs of pure energy, constrained only by the limits of pure thought — our final enemy a mysterious intangible force known as the Glimmer.

**J** This stretches the definition of historical materialism.

**D** The socialist magazine *Tribune* has grown in popularity among the British left. In this article, I denounce this trend as a dangerous symptom of anti-Marxist revisionism. Furthermore, I identify the key flaws of each of its contributors and the need to totally dissociate from their project.

**J** A controlled opposition might not be a bad idea.



## The Invention of Inequality

From chiefs and kings to billionaires today, a small handful of humans over thousands of years have figured out how to amass tremendous power and wealth. We talked to an anthropologist about how the ruling class got started.

**In the classic texts of modern political philosophy, thinkers like Thomas Hobbes, John Locke, or Jean-Jacques Rousseau speculated about a time in the distant past before the existence of social classes – the so-called “state of nature,” which came to an end when humans created private property and the state. Was there really such a founding moment in history?**

If you’re asking whether there was a single moment when classes first appeared, the answer is no. They appeared again and again in different parts of the world, in different situations. And the way it

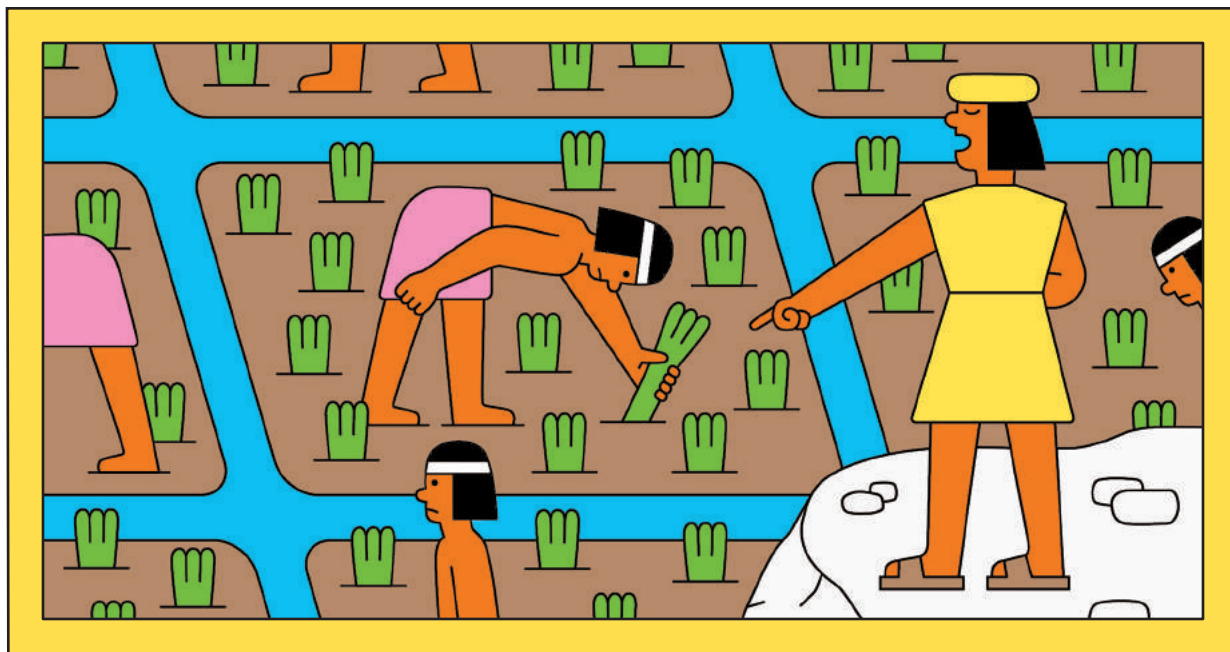
happened can largely be analyzed in terms of chiefs — strong leaders who figure out how to manipulate institutions to concentrate wealth and power.

To come to power, a leader first has to offer something that draws people in, something they like. But a key concept here is *circumscription*, which means the ability to bind people to a place. When people can’t move to other places, can’t affiliate with other groups, can’t vote with their feet, their options are limited. Once you start to circumscribe societies, then you have the possibility of developing control.

**In other words, without circumscription, people can always just flee to the mountains if things get too oppressive.**

It doesn’t even have to get so oppressive. If you’re required to work an extra couple of days a week, fleeing to the mountains sounds pretty good. And there are many, many cases of this.

So it’s important to look at how a society becomes circumscribed. And one of the classic ways it became circumscribed is through irrigation systems. Irrigation systems are linked to the emergence of chiefdoms



and states all around the world, simply because, once you build an irrigation system, the productivity of farming becomes so much better compared to anything else in the area that you have circumscribed people. You have bound them.

**Does running an irrigation system require a social hierarchy?**

No, the hierarchy doesn't reflect the complexity of the irrigation system. It reflects the organization of society more broadly.

You can find the same levels of complexity, in terms of the size or scale of irrigation dams and ditches, in societies that are relatively egalitarian and societies that are strongly stratified. It's the opportunity for circumscription that is critical.

**Why do some societies become more egalitarian, and others become more stratified?**

Well, it shouldn't be surprising to *Jacobin* readers that the key element in all of this is the development of systems of property. The question is, who owns the irrigation system? If you own the irrigation system, the only bargaining power other people have is their labor power. Because the system doesn't function unless you have people working on it.

A chief does have to provide benefits to the people, and the main benefit of an irrigation system is that it's much more productive and stable. But once chiefs and rulers can assert ownership of irrigation systems, they are in control of that valuable resource.

**So then, the question is, how did those systems of property come about? Presumably they didn't always exist.**

Among hunters and gatherers, you don't have a strong sense of property relationships. We know that from ethnographies of living hunters and gatherers, but we also see it in the markers of property in the archaeological record. There is some sense of property, but it is very flexible: if you're a hunter or gatherer, what you want to do is maximize mobility, the ability to move through space.

With the development of the Neolithic, which is the period where you're shifting from hunting and gathering to agriculture, you see an intensification of the use of the land: a much greater investment of human labor in that

land. And what you start seeing are key indications of community property rights.

One of the classic ones is community cemeteries. With a community cemetery, you're defining a strong relationship between the living and the dead. And why do you want to do that? Well, one of the most obvious reasons is that you're inheriting the rights to land.

**It's a way of saying, "This land belongs to us."**

Yes. And the ceremonies associated with that are a way to concretize the group as a group with particular ownership rights.

But these are not yet class societies. In Neolithic society, the leader doesn't differentiate himself greatly. He is the leader *of* the group.

What happens in the development of chiefdoms is that the leader of a kin group, someone who is responsible for ritual and warfare, finds a way to take over both of those functions and make them serve himself rather than the local community.

**So, originally, these leaders weren't supposed to have personal possession of the land — it was supposed to be on behalf of the group. And then, at some point, they seized personal power.**

Exactly. That's how property develops.

**There's a passage in one of your books that really stuck with me: "In any community some individuals, especially men, seek dominance over all others. Such aggrandizers generally are willing to take substantial risks of physical harm in aggressively establishing and defending their dominance."**

Yes. These are sometimes called "triple A" personalities: *aggrandizers, accumulators, acquisitors*. They have a desire for power and consider themselves important people. It's probably biologically rooted, but it is highly variable. Some people have that drive, and some people do not.

The question is, do they come to power, or are they resisted? And the outcome depends on whether there is circumscription. If not, then if somebody wants to boss you around, you're gone — there's no way to enforce your compliance. But once you're tied

to a place, then it becomes very difficult to resist the development of a central power.

This is why population growth was such an important factor in the historical development of stratification thousands of years ago. Because population growth leads to intensification of land use, which leads to the development of major investments in the landscape — and that creates owned and defensible land.

**But an individual chief obviously can't physically control or defend the land by himself. To take power, he needs the support of others.**

Yes. In my book on how chiefs come to power, I identify three primary sources of power. One is the economy, of which property rights is the basis. The second is military power — the warriors. And the third is religion or

**This question of why you would ever want somebody to order you around is fundamental.**



ideology, which provides legitimization.

The chief has specialists in each area. So, in economy, he has land managers. In warfare, he has warriors. And in religion, he has priests. These are what I call “attached specialists.” They are power specialists who are attached to a chief’s network.

All three types are critical, but I see the economy as the bedrock.

Take the example of warriors. The question is, how can you *control* the warrior? You control the warrior by controlling the political economy. He is *your* man. He receives his weaponry from *you*, he receives a piece of land to support himself with slaves through *you*.

Or look at religious leaders. They require facilities, churches, temples, religious monuments. They require ceremonies — and ceremonies don’t just happen; they are extraordinarily expensive.

**Religion is expensive, warriors are expensive.**

Somebody has to pay for that. Somebody has to put on the feast, to pay for all of the ritual paraphernalia.

Religion is expensive, warriors are expensive. It’s the ability to control the political economy that allows you to control these sources of social power centrally.

#### **Can you give an example of how that process played out?**

Well, my classic case is Hawaii. Hawaii and the other Polynesian islands started to become settled about 1,500 years ago by populations that moved out of Melanesia, the area around New Guinea. They brought with them a sophisticated boat technology, which allowed them to get to the island, and they brought irrigation technology.

And what you see is that, on some islands, the irrigation is relatively minor and results in nothing unusual, but in other situations, like Hawaii, they were able to develop extensive irrigation. The degree to which irrigation was developed, and the ability to extract a surplus from it, is what allowed for the creation of a warrior elite attached to the chiefs.

Once the chiefs gained ownership of land through conquest, they supplanted any local leaders by appointing land managers — known as *konohiki* — to administer local people. The phrase in Hawaii is, “The *konohiki* put us to work.” And from there, we can watch the whole progression of these irrigation systems and the development of social stratification.

#### **So it always starts with irrigation and circumscription?**

No, the development of stratification can take different routes. In Bronze Age Denmark, for example, circumscription didn’t work because population density was too low. The potential for movement was too great. Instead, stratification was based on control of trade.

That is the classic Eurasian model. About five thousand years ago, you start to develop these extensive trade systems covering thousands of kilometers. And early on, the primary use of the objects that were traded was to differentiate a ruling segment of population. The chief maintained his support group by controlling the distribution of wealth items — especially weapons, but also gold and silver, special gems, well-made clothing.

So, in the shift from the Neolithic to the Bronze Age throughout Eurasia, you see a separation of commoners from elite in terms of what they have. And since what they have can only be obtained through trade, it’s something local farmers have no access to. The key is to create a difference.

With the development of chiefdoms, you always see the progressive separation of the leader from his group. In the Hawaiian case, and in some of the other cases in Polynesia, the chiefs are no longer of their local communities. They are considered to be of a separate race; they’re considered to be gods. They’re *different*.



And that's one of the key aspects of class formation — this ability to separate yourself ideologically and be demarcated materially from the hoi polloi.

**Why would a group ever put one of these unpleasant aggrandizers in a position of power?**

Well, the ruling elite create an ideology that people buy into. And part of the reason they buy into it is the scale of the ceremonies and the monumental architecture that surround these things. Among hunters and gatherers, very early on, you see things like fancy rock art and small-scale monumental construction. In fact, the first specialists that we can identify archeologically are all religious specialists.

**Why would religion require specialists?**

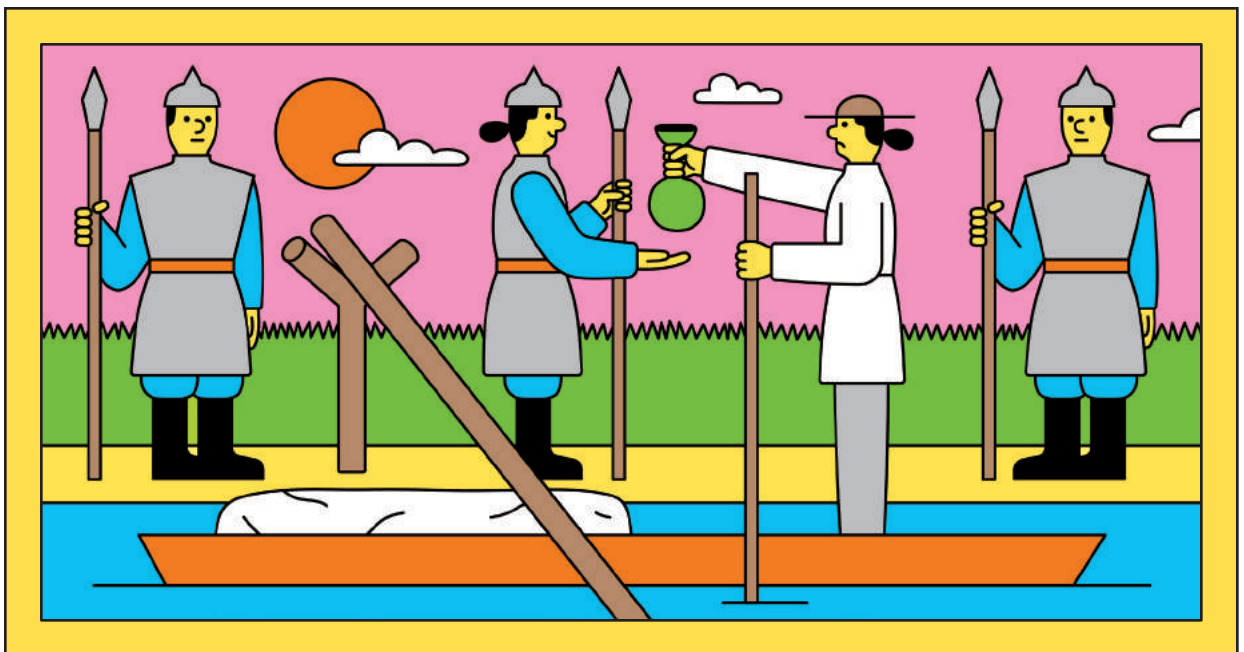
I think the nature of religion is that only some people are moved. Some people really feel that they are in connection with God or gods or spirits or what have you. And then the question becomes, can you convince others of this?

**This sounds like what Max Weber called "charismatic authority."**

It is a charismatic authority, but it's based on a ritual economy. Weber talked about Jesus as having charismatic power, and I'm sure he did. But the ability to extend that to the next stage, to charismatic religious *control*, depends on the development of showy rituals and facilities.

What people get attached to is ceremony. That's the particular medium through which ideology is spread. What you have to think about is that, if you're a farmer, staying in one place and hoeing in the ground — this life is *boring*. I remember talking to a taro farmer in Hawaii when I was doing an ethnographic study of the methods of modern taro irrigation farming. I asked him, "What's the view from that hill there?" And it was right above his farm. And he said, "I've never been up there." He had worked seven days a week in his field since he was a kid.

Now, you take that kind of tedium and add a world that offers a religious festival and the sense of spiritual wonder that you get when you walk into Chartres Cathedral or participate in one of these big ceremonies — my God,



**The problem is that religion is  
fundamentally inflationary.  
No matter how good a festival is,  
people want a better festival.**

that is very different. And that is something that is controllable by the few rather than the many. Not everybody can build a shrine or a cathedral; it requires extraordinary organization. So the charismatic power of Jesus Christ becomes part of a religious institution that owns massive feudal estates and controls labor to build cathedrals and churches and everything else.

The problem is that religion is fundamentally inflationary. No matter how good a festival is, people want a better festival. And for the leaders, it's a competitive world. Suppose there are two chiefs that are competing for power in an area: you see a ratcheting up in these religious systems toward more and more elaboration.

And for that, the chiefs require the extraction of more wealth and

the organizing of more people. It becomes logistically very difficult.

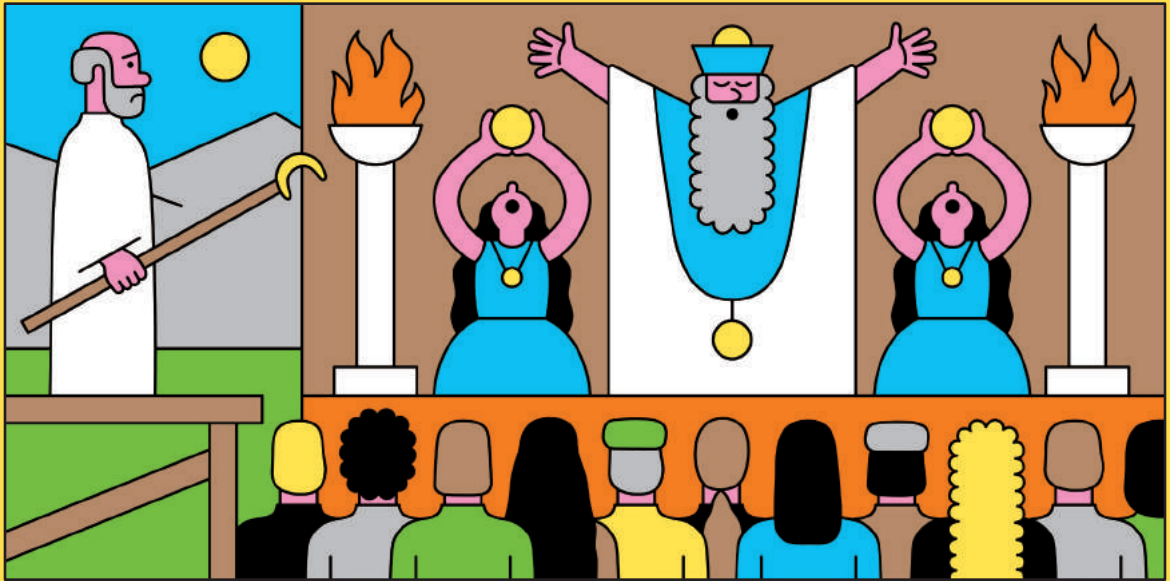
**All of this is obviously what Karl Marx was talking about when he defined the ruling class as the group that extracts and controls the surplus.**

Exactly. My work is a working out of concepts that Marx developed for a capitalist society and (probably with less sophistication) for feudal society. Those were worlds that he knew. He didn't know about other societies, except in his imagination. He and Friedrich Engels imagined what a primitive communism would be like, but they didn't know about it. They had no archeological record of it. That is what we have gotten in the last 150 years.

We anthropologists and archeologists have assembled the kind of evidence that can now let you make these arguments and take what is fundamentally a set of Marxist principles and see how they worked out in noncapitalist societies.

**Within the discipline, is there pretty wide agreement on the general picture you've laid out?**

It is very broadly shared by people who look at political economy. A scholar who looks at warfare or religion or race as separate phenomena would have no interest in explaining why they came into being; they're interested in how they work. That is a major difference. The evolutionary approach that I take does not characterize most of anthropology.



**So you and your colleagues who are interested in these issues are sort of outliers within the discipline.**

Definitely outliers. Most anthropologists and archeologists are not fundamentally interested in political economy or power. They don't consider that to be the essence of what human society is like. And for me, that's absolutely nonsense. I mean, if you can't understand how differential power develops, I don't see how you can understand how societies work.

**It's easy to listen to the historical sequence you lay out and conclude that history is just a story of people coming more and more under the authority and control of despotic rulers.**

Chiefs do not necessarily come to power. This question of why you

would ever want somebody to order you around is fundamental. Society is a system that tends to *de-organize* itself; it breaks into smaller units. So organizing people is the counter case. You have to *explain* chiefs; you don't have to explain the lack of chiefs.

The question is, what is the underlying economy like? Have humans in that situation created an economy that is controllable? If they haven't, you're going to have an egalitarian society.

For example, part of the development of social stratification in Bronze Age Europe was establishing property over particular points in river systems — basically, anybody who passed underneath your fortified settlement had to pay you. So you see a pretty high degree of social differentiation along the rivers where that could be done.

But if you had a braided river, where there are many different routes, which makes it tough to control, you don't find that — it's more egalitarian. That bottleneck in the economy, that point of control, is created by putting up that fort or that castle sitting right above the river.

So, the question is, can you keep that from happening? That was Adam Smith's argument for the free market — which was nothing like what people mean today by a "free market." He wanted to do away with private monopolies granted by kings.

And remember, the labor power is always in the hands of the farmers. If, as a group, they decide not to go along, it's tough to get them to do it. I mean, you can start killing them. But you have to maintain legitimacy. And coercion is very expensive. ■

# Reading Materiel

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EPSTEIN FLIGHT LOGS



## How Big Law Became Big

As US capitalism boomed, attorneys from a handful of New York law firms became powerful viziers of America's elite.

Lawyers played an outsize role in the revolutions that have remade the world since the late eighteenth century. Nearly half the signatories of the US Declaration of Independence were lawyers. So were Elysée Loustallot, Maximilien Robespierre, Georges Danton, and Jean Baptiste Treilhard. Twenty-six of forty-five US presidents have been lawyers, including Joe Biden, who earned a law degree from Syracuse University despite a minor plagiarism scandal.

Unlike the feudal elites of earlier periods, the bourgeoisie in the first industrialized societies did not, generally speaking, command

private men-at-arms. Occasionally, an industrialist would hire muscle, like the infamous Pinkertons, but this was a distasteful exception to the rule. Disputes were resolved and mediated by and within state institutions. Therefore, professionals who spoke the language of the government, its statutes, and its courts became essential to the powerful. Enter the lawyer.

*The Anointed: New York's White-Shoe Law Firms — How They Started, How They Grew, and How They Ran the Country*, by Jeremiah D. Lambert and Geoffrey S. Stewart, vividly recounts how attorneys from a handful of New

York law firms, namely Cravath, Swaine & Moore, Davis Polk & Wardwell, and Sullivan & Cromwell, became the powerful viziers of America's WASP elite, a ruling class whose tastes and attitudes they would mirror and whose ranks they would penetrate.

*The Anointed* is a history but also, in part, an insider's view. The authors were associates at Cravath and at Davis Polk. They describe a world of wood-paneled offices and no women. When Lambert began his career, all secretarial work was done by men. All stenographers and couriers were also men — the office was a legal Mount Athos, where even animals must be male.

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**A firm whose founders made their name  
defending Confederate privateers and  
inciting Panamanian secessionists would  
go on to represent J. P. Morgan, Henry Villard,  
and other titans of industry.**

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Needless to say, the authors and their fellow associates did not study law with Joe Biden at Syracuse. They were Yale, Harvard, and Princeton men — white and (culturally, if not piously) Protestant men. The founders of these “white-shoe” firms (named after the summer footwear of Ivy Leaguers) were more entrepreneurial and, in their own immoral ways, more daring than their posh and respectable successors.

Algernon Sydney Sullivan, of Sullivan & Cromwell, made a name for himself representing the interests of the antebellum plantocracy in New York. He continued to represent Southern interests after the Civil War broke out and Secretary of State William Seward had him jailed for his treasonous contacts with Confederate officials.

Sullivan was released after signing a loyalty oath, but his heart was clearly with the confederacy. He

successfully defended Confederate navy personnel from charges of piracy — and his clients were therefore treated as prisoners of war rather than common criminals.

William Nelson Cromwell, the other half of Sullivan & Cromwell, was an unscrupulous lobbyist and fixer as well as a key promoter of the proposed canal that would connect the Pacific and Atlantic oceans through the Isthmus of Panama, then a region of Colombia.

When the Colombian legislature unanimously rejected a canal zone treaty that foreign business interests had attempted to force upon the country, Cromwell helped finance and support a secessionist insurrection led by Panamanians who stood to gain from the canal. The rebel territory was first recognized as a sovereign power by the United States, which protected the new republic’s independence with gunboats.

In other words, a firm whose founders made their name defending Confederate privateers and inciting Panamanian secessionists would go on to represent J. P. Morgan, Henry Villard, and other titans of industry. To this day, it is among the most prestigious law firms in the world.

Social status soon followed wealth and influence for the partners of New York’s blue-chip firms. *The Anointed* recounts how the preeminent lawyers and their spouses joined the boards of major New York charities and cultural institutions. The more religious of them became weighty members of high-status Protestant congregations. The prestige bestowed upon litigation and trial practice would eventually fade in the eyes of the New York legal elite. Bankruptcy was similarly left to the little fish. Firms that had built themselves up through bankruptcy work moved on to more refined areas of law, ceding that realm to less esteemed



firms and allowing white ethnics, especially Jews, to find footholds in the profession.

It was railroad receiverships and combinations that would become the specialty of the leading Manhattan firms. Lambert and Stewart's account of this transition to corporate work is particularly eye-opening for me, a plaintiff's attorney whose experience of lawyering mostly involves filing pleadings and trudging through the discovery process. During the age of the great industrial trusts, Manhattan's top lawyers drafted the instruments by which the leading monopolies were consolidated. The paperwork establishing U.S. Steel took two prominent corporate lawyers eleven days to write. For their work, they were paid the then-princely sum of half a million dollars. These same architects of the great trusts then lobbied mightily against the trustbusters and regulations of the Progressive Era.

Many law professors, including many good-hearted liberals in the legal academy, find the notion that the law is epiphenomenal to politics distasteful. Instead, they believe that the law is an intellectually coherent system and that the application of established rules to a given set of facts will result in a limited range of possible correct answers. Refreshingly, Lambert and Stewart recognize that developments in the law are intertwined with the material interests of major political actors.

For proof of that fact, we need look no further than the last time capitalism faced an existential

threat. In the 1930s, a politicized working class was on the march, and New Deal reformers were eager to use state power to rewrite the rules of industrial relations. *The Anointed* describes how, after an early wait-and-see approach to Franklin D. Roosevelt, the business community decided that his administration was its enemy.

With few exceptions, New York's legal giants despised the New Deal, and many prominent lawyers pointedly refused to pronounce the president's name, referring to him as "that man." Their firms were retained by big business and filed a flurry of lawsuits successfully challenging the constitutionality of New Deal legislation.

Roosevelt, frustrated by the Supreme Court's rulings, threatened to pack the court with more amenable justices. Conveniently, associate justice Owen Roberts changed his mind on key points of constitutional law, shifting the balance of the court and pacifying Roosevelt (an adjustment often called the "switch in time that saved nine"). The post-switch Supreme Court developed a new interpretation of Congress's powers under the Commerce Clause, conferring upon the federal government broad authority to regulate industry and markets. Similarly, the court recognized that states had the authority to restrict freedom of contract with, for example, minimum wage legislation. While a majority of the Supreme Court today is aligned with a business-friendly counter-revolution against the liberalism

of the New Deal era, its composition would have been unthinkable to the WASP elites of yesteryear: six Catholics, two Jews, three women, an African American, and a Puerto Rican. The Nine are, however, notably less diverse when it comes to their academic formation. Clarence Thomas, Samuel Alito, Sonia Sotomayor, and Brett Kavanaugh studied law at Yale. John Roberts, Stephen Breyer, Neil Gorsuch, and Elena Kagan attended Harvard. Only Amy Coney Barrett, who graduated from Notre Dame Law School in 1997, breaks the mold. Many of the lawyers who argue before the court, including the solicitor general, come from the same schools, as do the young lawyers who clerk for the justices and who go on to command handsome salaries at the top firms.

Like the High Court, the composition of New York's white-shoe bar now reflects a broader swath of the population in terms of race, gender, and cultural background. What has remained unchanged is that today, as in the Gilded Age, the most consequential disputes in American business and public policy are hashed out by a relatively tiny coterie of Ivy League graduates. The legal advocates of America's ruling class studied in the same libraries as their predecessors and edited the same law journals. While the cream of the American legal profession now includes women, people of color, and people of diverse religious and national backgrounds, the legal elite described in *The Anointed* is still with us — white shoes or not. ■





## The Crime of the Century

The mystery of Agatha Christie's enduring popularity is rooted in a nostalgia for the certainties of the Victorian class system.

The ongoing popularity of Agatha Christie is a bit staggering. In 2017, Amazon and the BBC cut a multiyear deal to adapt lavish versions of Christie mysteries for television — books that have been adapted many, many times before. Kenneth Branagh's *Murder on the Orient Express*, featuring Branagh himself as the famed Belgian detective Hercule Poirot, was a big hit in 2017, adespote being an absolutely terrible film. Branagh's 2020 follow-up, *Death on the Nile*, was delayed by COVID-19 but will no doubt do extremely well on television. With the first Christie adaptation dating all the way back to 1928, what explains this astonishing century-long power?

Generally, it is attributed to Christie's intricate and unrivaled plotting. A classic example is *Murder on the Orient Express* (1934). Of twelve likely murder suspects trapped on a snowbound luxury train with a gruesome dead body, whodunit? As Poirot discovers, they all dunit! All twelve apparent strangers have been secretly bound together in a complex international murder conspiracy. Like all of Christie's best narrative twists, this seemed an obvious invention as soon as she came up with it, yet somehow no one had employed it before her. Similarly, the book that vaulted her to the top of the mystery writing heap, *The Murder of Roger*

*Ackroyd* (1926), became a sensation because of Christie's experimental use of an unreliable narrator — a Watson-like doctor, seemingly trying to help Poirot solve the crime, turns out to be the murderer.

But there's more to Christie's popularity than her cleverness. It owes just as much to the enduring lure of her "world" — the conservative Victorian milieu of Christie's childhood, which she recalled as "wonderfully happy." Her nostalgia for that era forms the bedrock of her sensibility. The daughter of wealthy parents, Christie was raised in a large villa in the resort town of Torquay, among the kind of genteel leisure only a house full of servants can provide.

Her unhappy adult experiences of the rapidly modernizing world included financial precarity and an unraveling marriage to World War I veteran Colonel Archibald Christie. This led to the author's psychological breakdown and disappearance in late 1926. During the eleven days she was missing and believed dead, the search for Agatha Christie became a media sensation and, ultimately, a scandal when she turned up at the expensive Hydro spa at Harrogate registered as Mrs Neele, the last name of her husband's young mistress. Christie was accused of creating a publicity stunt that took the form of one of her own mystery plots. She claimed amnesia.

The brutal chaos that overwhelmed a supposedly beautifully ordered world is often noted by Christie's second most famous detective, Miss Marple, modeled on the formidable Victorian women who populated Christie's childhood. Miss Marple's stereotypical "old maid" inquisitiveness is the key to her perceptive genius at solving crimes, as is her knowledge of a supposedly unchanging human nature — though, of course, for Marple, society itself changes only for the worse. Reverence for the ruling class provides the order and discipline against which messy modern crimes can spatter and then be cleaned away again. Unlike with the works of William Shakespeare or Jane Austen, it seems noteworthy that there's rarely a cinematic attempt to set Christie's plots in contemporary times. The historical period is absolutely vital for these stories, and not just for

the glamour of old cars, clothes, and vast country estates.

The biggest criticism of Christie's writing these days is her use of broad class, race, and gender stereotypes. These are generally preserved or only slightly softened in contemporary adaptations, presumably because they're part of what audiences still like: a stable, top-down hierarchy of often highly predictable types threatened by a destabilizing agent, the murderer, who's frequently a social climber, an imposter trying to collect an inheritance, or a rotten-apple member of the gentry who must be rooted out.

It's telling that Christie based *Murder on the Orient Express* on the "crime of the century" at the time, the Lindbergh baby kidnapping. What Christie changes is the person accused of the murder. Instead of a working-class German immigrant like carpenter Bruno Hauptmann, whose guilt remains in question, Christie opts for an immigrant whose "evil" is not in doubt — a sadistic Italian mobster-monster. In her novel, those who murder *him* end up as sympathetic figures whom Poirot allows to go on their way, uncharged with any crime. Among them are rich family members, their eternally faithful servants, and White Russian royalty in exile. They all have the "right" attitude toward a wealthy and revered American family modeled after the Lindberghs.

However, in the recent Amazon/BBC adaptations, which feature color-blind casting, head writer

Sarah Phelps is experimenting with changing Christie's narratives in ways that align more with contemporary ideas about race, class, and gender. In her adaptation of *Ordeal by Innocence*, the murderer is not the middle-aged servant woman and her lover, the son of the house, as written by Christie, but the evil patriarch who raped the servant years earlier and impregnated her with the son of the house. In Phelps's version, the other children, adoptees of various races and regions, unite with the servant to destroy him.

But such experiments are rare, as Christie's focus on the messy modernist fall from a neverland of traditional security continues to draw us in — no updates required. Christie herself sometimes signaled that she realized there was something rotten in her nostalgia. In *At Bertram's Hotel* (1965), Miss Marple goes to stay at a perfectly preserved Victorian hotel, only to discover that it's also the headquarters for a violent crime ring. It turns out the entire place has been designed to appeal to, and therefore blind, people just like Agatha Christie. Today, with inequality in the West quickly returning to brutal Victorian levels, I suppose we shouldn't be surprised that it's Jeff Bezos himself now offering us our own new escapes into the Christie cinematic universe — where the noble aristocracy tends to regain its grace, and the often conniving and dangerous lower orders are firmly put in their place. ■

# From New Labour to Nouveau Riche

## Meet Tony Blair, a “democratic socialist.”

Nobody could ever accuse Tony Blair of lacking ambition or a sense of his own worth. Since his resignation as British prime minister in 2007, Blair has carved out a new role for himself as a self-appointed tutor to the governments of the world. The Tony Blair Institute for Global Change (TBI), launched in 2016, defines its mission in the following terms: “To equip political leaders and governments with the tools they need to create open, inclusive and prosperous societies in a globalised world.” Blair’s goal is to help forge a transnational ruling class around a shared sense of values and interests. The TBI recently published its report for the year ending in 2019, which it described as “a pivotal year” for the Institute’s work.

Blair’s own track record in recent years may indicate what kind of advice and training the TBI is supplying to its beneficiaries.

We help governments and leaders to establish the skills, systems and structures they need to deliver their priorities: driving economic reform, strengthening the private sector and business environment, facilitating foreign investment, building key infrastructure and improving the delivery of public services.<sup>01</sup>

In **Rwanda**, the Minister of Agriculture submitted a bid to host the AGRF Secretariat from 2020–2025, with the aim of transforming Kigali into an agricultural hub for the continent.<sup>02</sup> TBI helped develop the proposal for the bid and the concept of establishing a “Davos of agriculture” on the continent to facilitate investment. Rwanda was awarded the bid in September 2019, and as of September 2020 will officially host the AGRF 2020 and Secretariat over the next five years.

Our work in the **Middle East**, where we continued to focus on fostering Arab-Israeli ties, has witnessed significant progress, culminating in the signing of the Abraham Accords between Israel and the UAE and Israel and Bahrain in September 2020.<sup>03</sup> Mr Blair and our Tel Aviv team have continued to advise and mediate between leaders and officials in Israel, the Gulf and on the international stage regarding the political landscape in Israel, the Palestinian territories and the region. The work included exploring the untapped potential for Israeli-Arab trade, economic and cultural cooperation, identifying opportunities and providing practical steps and initiatives for promoting ties, as well as stabilising the situation in the West Bank and Gaza.<sup>04</sup> Our Middle East work also seeks to leverage improved Israeli-Arab relations in order to promote

<sup>01</sup> Blair famously dismissed protests for global justice in Seattle and Genoa at the turn of the century as a “travelling circus of anarchists.” At the Labour Party conference in 2005, he insisted that there was no room for debate about how to manage the global economy: “I hear people say we have to stop and debate globalisation. You might as well debate whether autumn should follow summer.” In 2014, the *New York Times* reported that Blair was paid “a total of \$5 million to \$7 million a year” by three companies:

JPMorgan Chase, Khosla Ventures, and the Zurich Insurance Group.

<sup>02</sup> Blair’s Africa Governance Initiative, which preceded the TBI, had a long-standing relationship with the government of Rwandan leader Paul Kagame, assigning several advisers to shadow Rwandan ministries. Blair himself visited Kigali several times in a private jet paid for by the Rwandan government. He brushed aside criticism of Kagame’s role in the

negotiations between Israel and the Palestinians towards a two-state solution, and creating a regional framework for the negotiations with the active involvement of the Arab states, to ensure the viability of a future Palestinian state alongside a secure Israel.<sup>05</sup>

Our expert team of economists and policy specialists looks at radical but practical solutions to the underlying issues that are driving division in the UK. From rising inequality and falling living standards, to concerns about crime and integration, the promise that the next generation will do better than the last is at risk. And with politics being pulled between the hard-right and the hard-left,<sup>06</sup> swathes of people in the centre ground are unrepresented.<sup>07</sup> Our policy agenda seeks to fill that void and provide progressive leaders with the solutions they need.<sup>08</sup>

We influenced the UK debate on housing, providing a new perspective beyond the ‘build more houses’ solution.<sup>09</sup> We co-authored *Tackling the UK Housing Crisis: Is Supply the Answer?* with the UK Collaborative Centre for Housing Evidence. The paper has directly influenced Whitehall thinking.<sup>10</sup> Following its release, the Bank of England highlighted its findings alongside near identical conclusions. With our series of General Election 2019 Briefings taking apart the main parties’ manifestos, we also showcased our political and technical analysis across a range of policy areas: crime, immigration, railways, responsible business, housing, public services and fiscal policy.

systematic plunder of resources in the Democratic Republic of the Congo, managed by the Rwandan Patriotic Army’s Congo desk: “I’m a believer in and a supporter of Paul Kagame.” According to *Guardian* journalist Chris McGreal, when he asked Blair about a UN report accusing Rwandan government forces of war crimes in eastern Congo, the former prime minister “rolled his eyes” and sought to justify the presence of Kagame’s troops in the region.

<sup>05</sup> *Atlantic* editor in chief Jeffrey Goldberg, a strong supporter of Israel who served as an IDF prison guard during the First Intifada, took a cooler view of the Abraham Accords, describing them as a Trump-brokered arrangement whereby “Israel gets something for nothing: relations with two more Arab states without so much as a settlement freeze.” According to Goldberg, the deal would do “nothing at all to convince the Israeli right that gestures toward the Palestinians would be worth

making.” Its main beneficiaries were likely to be US defense contractors: “The U.A.E. and other states that now engage with Israel will find themselves armed with a better class of American weaponry.”

<sup>04</sup> During his time as a would-be Middle East peace envoy, Blair successfully lobbied the Israeli government on behalf of a Qatari cell phone company and a British energy firm. Both were clients of JPMorgan Chase, which employed Blair as an adviser.

<sup>05</sup> In a 2017 interview with *Politico*, Blair claimed that peace between Israel and the Palestinians would require “an evolution in Palestinian politics, where you’ve got a Palestinian politics that is unified, but unified around a leadership that is committed to peace.” Israeli politics appeared to require no such evolution, in Blair’s view, since he made no mention of it.

<sup>06</sup> Soon after Donald Trump’s accession to power in Washington, Blair urged those “from the progressive side of politics” not to greet Trump with “flat-out opposition” and to look for common ground instead: “if something happens that is good, then don’t disagree with it just because of its author.” He specifically cited Trump’s policy toward Iran as a promising development.

<sup>07</sup> In 2018, Blair posed for a picture after meeting with Matteo Salvini, leader of Italy’s far-right Northern League, who had recently been installed as the country’s interior

minister. Salvini described their meeting as a “long and positive talk,” during which they discussed “immigration, Brexit and energy policies.” Blair wanted to lobby Salvini on behalf of the Trans Adriatic Pipeline consortium, for which he worked as a consultant.

<sup>08</sup> In 2015, Blair stressed that his hostility to politicians like Jeremy Corbyn and Bernie Sanders was not based on considerations of electoral pragmatism: “I wouldn’t want to win on an old-fashioned leftist platform. Even if I thought it was the route to victory, I wouldn’t take it.”

<sup>09</sup> By 2016, the Blair family had accumulated a property portfolio with an estimated value of at least £27 million. Average UK house prices more than doubled during Blair’s time in office.

<sup>10</sup> The Blairs purchased their home in West London’s Connaught Square for a reported £3.65 million while he was still prime minister. It now has an estimated value of more than £8 million.

<sup>11</sup> The TBI received almost \$12 million in Saudi money to advise Crown Prince Mohammed bin Salman on what the Institute calls the “Saudi change program,” including moves to expand private involvement in the kingdom’s oil industry. Blair refused to suspend the deal after the murder of Saudi journalist Jamal Khashoggi, for which bin Salman was responsible.

In 2019, we continued to work to promote co-existence — countering extremism by tackling the ideology behind the violence, not just the violence itself.<sup>11</sup> This involved significant policy output through our Extremism Policy Unit. This unit conducts research and policy analysis on extremist ideologies including Islamist extremists, the far right, the Boko Haram insurgency and Shia Islamism. Our work seeks to understand the role of ideology in developing and implementing successful counter-extremism and counter-terrorism policy, calling for stronger approaches to prevention policy, understanding the role of ideology in recruiting and mobilising support to carry out violent attacks, through to the disengagement, deradicalisation and reintegration of former fighters.

In 2019 we launched a new programme focusing on the rise of Shia militancy, “Shia Islamism in Focus”, marking 40 years since the establishment of the Islamic Republic of Iran.<sup>12</sup> We published the first report of the programme in February 2019 based on an in-depth study of the official documents and public speeches by the Iranian establishment since 1979. Our work challenged the terminology of “reformist” when referring to the “hardliner-reformist” dichotomy in today’s Iranian politics, and the work has paved the way for our next phase in the programme that explores Iran’s extraterritorial interests, including its relationships with Shia militias across the Middle East, Asia and Africa. Throughout the development of the Shia Islamism in Focus programme, we have consulted external experts from within the region and beyond, and convened dialogues to determine the major policy and evidence gaps relating to the origins and rise of Shia militancy. The programme continues to engage the major policy issues of insecurity in the Middle East and the Iran nuclear agreement.

<sup>12</sup> Blair’s 2017 interview with *Politico* made no mention of Saudi Arabia as a force promoting instability, extremism, or any undesirable trend in the Middle East: “the real issue is the destabilizing policies of Iran, right across the region.” In another interview with his former associate Alastair Campbell, Blair expressed the hope that Donald Trump might

“build a strategic alliance in the Middle East whose purpose is to fight extremism of the Shia sort promoted by the theocracy in Iran.” According to veteran reporter Patrick Cockburn, Blair has “swallowed whole and is now regurgitating the official line of Saudi Arabia and its Gulf allies.”



Tony Blair, Executive Chairman of the Institute, is the central source of leadership for TBI, particularly in setting our overall vision and objectives.<sup>13</sup> He plays a hands-on role in the strategic development of the organisation and contributes to our impact through intensive engagement with the work detailed above. His political insight and experience help facilitate the work of TBI, and he continues to engage actively with individuals, organisations and debates that he believes are critical in bringing about positive global change for the many. Mr Blair receives no remuneration for his work at TBI, to which he devotes the majority of his time.<sup>14</sup>

Examples of our donors and funding partners include:

- African government partners who contract directly with TBI
- Anne Wojcicki Foundation
- Bill & Melinda Gates Foundation
- Blavatnik School of Government, University of Oxford
- Blavatnik Family Foundation<sup>15</sup>
- Cardinal Onaiyekan Foundation for Peace
- European Council on Tolerance and Reconciliation
- GHR Foundation
- The Kirsh Foundation
- The Larry Ellison Foundation<sup>16</sup>
- Nathan Associates London Ltd
- Social Finance UK
- United States Agency for International Development
- United States Embassy Amman, Jordan
- Victor Pinchuk Foundation<sup>17</sup>

<sup>13</sup> In 2011, Blair's consultancy firm signed a multimillion-pound deal with the Kazakh dictator Nursultan Nazarbayev. When Nazarbayev's security forces gunned down at least sixteen civilian protesters during an oil strike later that year, Blair gave him detailed advice on how to counter negative publicity. Blair's spokeswoman claimed that

Kazakhstan had made "huge progress" in the field of human rights.

<sup>14</sup> Blair's Downing Street spin doctor Lance Price said of his former boss: "He has always wanted the best for his family and there was never any doubt that he had the capacity to go on and run 'Tony

Blair' as a business, which is effectively what he is doing."

<sup>15</sup> Sir Leonard "Len" Blavatnik made over \$14 billion from Russia's natural resource industries after the fall of communism ("the biggest financial gain of any individual foreign investor in the country," according to the *Financial Times*). In 2020, he was twenty-second on the *Forbes* 400 list of richest people in America. The *FT* noted that Blavatnik has engaged in "assiduous reputation management" through philanthropic donations of various kinds: "Few in the west, outside elite business circles, know of the Siberian aluminium deals or courtroom battles for control of oil assets that built his first fortune. And that is how he likes it."

<sup>16</sup> Tech billionaire and Oracle founder Larry Ellison placed fifth on the most recent *Forbes* 400 list. Ellison, who hosted a fundraiser for Rand Paul and was a leading donor to Marco Rubio's 2016 presidential bid, bitterly attacked Edward Snowden for exposing the NSA's surveillance program.

<sup>17</sup> Victor Pinchuk made his money in post-Soviet Ukraine as a close associate of the country's second president, Leonid Kuchma. Pinchuk has made large donations to the Clinton Foundation, but he also paid Donald Trump \$150,000 for a twenty-minute speech by video link in 2015. ■

RECEIVED FROM

JAN 15 1971



AT THE HEIGHT OF  
THE COLD WAR,  
MY FATHER WAS A  
STATION CHIEF  
FOR THE CENTRAL  
INTELLIGENCE  
AGENCY. IT  
WAS A FRONT-ROW  
SEAT FOR THE  
LAST GASP OF THE  
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~~SECRET~~ WARNING NOTICE - SENSITIVE INTELLIGENCE SOURCES AND METHODS

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[REDACTED] I was born in Geneva, Switzerland, in 1960. My father was the CIA station chief there. I grew up in the 1970s, at the twilight of the Cold War in Washington, DC, living in a family of secrets.

My parents were social people — WASPs at ease among the postwar elite. My life was house parties, sojourns to the Middle East, Southern rock, and drugs. It was an exotic atmosphere with proximity to great power and corruption, all laden with guilt.

Prior to his post in Switzerland, my father had been stationed in Germany and would go on to work both in the White House and overseas in the Middle East. He was recruited by the Agency after World War II. He'd been in Naval Intelligence and served on two aircraft carriers, one called "the Wasp" and the other, more prophetically, "the Langley." He was of a "certain type" — an East Coast-born, privately educated American with roots going back to the Continental Army — and of a generation that made up the core of the Agency just before its rise to its heights of power and influence.

Most of my father's colleagues were smart, nice, and funny. They seemed literary and eccentric. His associate, James Jesus Angleton, the head of CIA counterintelligence, once stood at our dining room table and recited from T. S. Eliot's "The Waste Land" for twenty minutes because he was bored by the writer Robert St. John's anecdote. Angleton was also rumored to be involved in the Kennedy assassination. Decades later, Matt Damon played him on the big screen.

My father was not spy-like by the usual expectations. He was not sinister or even particularly serious. He was funny, whimsical, and idiosyncratic. He loved the theater and colorful people — the stranger and more exotic, the better. He was a White House adviser during meetings regarding Iran, Vietnam, and many other plots, interventions, and wars engineered by cold warriors like Dean Rusk and Walt Whitman Rostow. I have a note from John Foster Dulles identifying my dad as a "comer" and a "bright young mind to watch."



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## SECRETS AND LIES

I was only eight or nine when I was told that my father's job was a secret and that it was important for me to keep that fact secret as well. It was permission to lie for a higher purpose.

At an early age, I also internalized a sense that the rush of heavy obligation, and the elements of guilt and fear in being included in a mysterious enterprise of secrets and lies, were a fair trade for proximity to distinguished and important people. Clearly, corners sometimes needed to be cut in exchange for a cool existence. And I wanted to be cool.

My father was regarded as an expert on the Middle East. He debriefed émigrés to Israel from the Eastern Bloc for useful information about the Soviets. When he was CIA station chief in Tel Aviv, his close associates were the Mossad and Shin Bet founders who had come to Palestine in 1946 after the Holocaust, including the famous director of Israeli intelligence Amos Manor. He came from a very learned family in Hungary. He would pinch my cheeks and lift me up that way. He once told me that when he came to Israel, it was the first time he'd encountered "unintelligent" Jews.

When my siblings and I would ask our father about the particulars of what he did, he was affably vague. "We evaluate various situations and try to determine situations according to what would be the safest so as to understand things." I once found multiple passports with different names in his briefcase, and that fact was instantly banished to a white patch, an uncharted place on the map of my mind where incomprehensible things were put.

One of his best friends, E. J. Applewhite, was deputy inspector general of the Agency. He wrote books on DC history and Buckminster Fuller. He was also given the task of destroying the credibility of people at the left-wing magazine *Ramparts* and other radicals. I played tennis at country club St. Albans with my father and CIA director Richard Helms, who was annoyed that my dad was also friends with Michael Straight – a liberal Whitney heir and affiliate of the Cambridge Five communists. It was difficult to square the impression of these kindly, polished gentlemen and the dark acts they engaged in.

Once, in Washington, after lunch with my father, we stopped at a townhouse in Georgetown. An attractive woman was there. I was told to swim in the pool while they talked. It was autumn, and I didn't have a swimsuit. I paddled in a chilly, leaf-filled pool in my underpants for an hour before my father emerged. It was understood that I wouldn't speak of this. It wasn't until a shrink asked me about it thirty years later that I realized my father was either fooling around or on some work assignment. I just didn't question weird things like that.

The sense of secrecy never relented. When the CIA director William Colby came to Israel, he stayed at our house instead of a hotel – for security, I assume. A few days before, men came and swept the house for bugs and cameras. Colby took my parents' room, and they stayed in a guest room. I remember thinking that was odd but not asking any questions.

Once, I helped my dad pack for a trip to Eastern Europe. One briefcase had \$50,000 in cash inside. At first, he tried to conceal it, and then he relented and let me play with it. It's a lot when it's in small bills. I never asked what it was for.

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ONE BRIEFCASE HAD \$50,000 IN CASH INSIDE. AT FIRST, MY FATHER TRIED TO CONCEAL IT, AND THEN HE RELENTED AND LET ME PLAY WITH IT.





## LIFE ABROAD

Israel was a young country during our second tour. To an eleven-year-old American ignorant as to what a Palestinian refugee camp was, it still felt like a liberal state aiming at cohabitation with Arabs. Jerusalem was unchanged from a thousand years ago. Greeks, Turks, Arabs, Catholics, Anglicans, and more walked the streets in traditional robes with donkeys and dogs and monkeys and sheep and goats. Bloody animal carcasses lined the narrow, cobbled streets, and men in fezzes and keffiyehs, drinking tea and playing shesh besh (backgammon), sat at tables. It had the best food I had ever tasted.

My siblings and I were allowed to take a rickety train to the Old City and stay overnight in an old nunnery – unthinkable now. We would be chased by street kids, buy Red Lebanese hashish for the equivalent of \$10, and wander three-thousand-year-old streets stoned and giggling.

Overseas, we always went to international schools. They were private schools for diplomats and foreign nationals. There were kids from dozens of countries. In

Israel, the school had Germans, Swedes, Thais, French, Moroccans, Brits, Aussies, and Africans. We took in Vietnamese refugee children as South Vietnam was falling, sent by my father's friend Tom Polgar, the CIA station chief of Saigon. I spoke Hebrew and Arabic in eighth grade.

Israel had had four wars in its twenty-four years. Captured ordinance was everywhere. We found helmets, radios, and spent shells. We could bike to barns and airplane hangars where the best stuff was stored. Crawling into army dumps, we would fill duffel bags and backpacks with cool battle stuff. With diplomatic immunity, our bags were never checked. I carried unexploded shells, a pistol, and airplane parts on flights back and forth to Washington. My friends and I could talk to each other on battery-powered Russian radios from the '57 war.

Relics of the ancient world were all over the Holy Land. We would uncover millennia-old mosaic floors in the cliffs by the beach. Walking along the top of Roman aqueducts, we would fill buckets of Roman, Greek, Phoenician and Assyrian, Canaanite, Philistine, and Abyssinian coins. Also ancient glass and clay antiquities, oil lamps, architectural pedestals, statuary, and

# WITH DIPLOMATIC IMMUNITY, OUR BAGS WERE NEVER CHECKED. I CARRIED UNEXPLODED SHELLS, A PISTOL, AND AIRPLANE PARTS ON FLIGHTS BACK AND FORTH TO WASHINGTON.

giant amphorae. Our beach finds looked like a museum exhibit. Gifts from Jerusalem mayor Teddy Kollek and General Moshe Dayan were the best.

Senior embassy personnel were given fancy housing. In Israel, we had a large, Mediterranean-style stucco house. A hundred yards from our home were dunes, over which I once found a Bedouin camp. They served me tea, and an elderly woman with tattoos all over her face touched my hair. They said she was 120 years old. They had killed a coyote by luring it in with a lamb they tied up.

My mother was a Quaker from Minnesota. She was pretty and smart and had majored in psychology. She lived on Barrow Street in a house in Greenwich Village and worked as a photo editor for *Look* magazine after the war. She met my father there in 1946, after he returned from the Navy. She bridled at being a Foreign Service wife, a glorified hostess for diplomatic parties. She went on architectural digs and taught at a Quaker school in the Palestinian town of Ramallah, which was controversial at the embassy. Both my parents were liberal Democrats.

## WASHINGTON, DC

We owned a house in Chevy Chase, the fancy Maryland suburb outside of Washington. I went to a combination of public and private schools there. Kids with parents in senior government positions or at top DC firms or who were editors of the *Washington Post* or worked in network television all belonged to the same clubs and lived in the same leafy neighborhoods and were schooled in the same places.

Against the backdrop of '70s rock and the last gasp of hippie culture, the world of our parents' secrets informed everything we did. It enhanced a sense of entitlement in the world but also a sense of outward menace that pervaded everything. CIA brats shared little with one another.

In Washington, there was a government employee father-son football game on Sundays. White House staff, National Security Council members, CIA fathers, and their sons played in a park off Connecticut Avenue. The kids mostly blocked and rushed. I once saw a fight

ABROAD CONTROLLED DISSEMINATION CITE CIA 2659  
 CACTUS *Demonstrations sponsored by Peoples  
 Coalitions for Peace and Justice 4-5-1970*  
 SUBJECT: TACTICS AND ACTIVITIES SURROUNDING THE MAY DAY  
 DEMONSTRATIONS

1. THE FOLLOWING INFORMATION IS RELATED TO THE UPCOMING  
 DEMONSTRATIONS SCHEDULED FOR LATE APRIL-EARLY MAY IN WASHINGTON,  
 D.C. (S)

# SHE INTRODUCED US TO HER OTHER HOUSEGUEST, ALEXANDER KERENSKY, WHO WAS THEN IN HIS EIGHTIES AND DEAF.

---

between two senior diplomats. They threw punches. I'd only seen them in bow ties. My father laughed on the way home but told me not to mention it. My mother would think the game was insane.

My friend Marion dated Teddy Mondale, the vice president's son. He had giant, wild parties in the vice president's mansion, including a real barn burner after Ronald Reagan beat Jimmy Carter. That was sort of the beginning of the end of that era. My father retired in '79. He and all the original WASP CIA guys had aged out, become disillusioned, or been purged.

My father's first girlfriend in prep school was a beautiful girl named Mary Pinchot. She was from a rich, prominent liberal family. Her diaries describe romping all over the New England countryside and New York City. She later married a CIA colleague of my father's, Cord Meyer. She was a socialite and painter with many ties to our family, and she was President Kennedy's last and most serious girlfriend.

But she wasn't the only woman Kennedy had in common with my father. Once during the war, my father was dancing with doomed actress Frances Farmer when the young Jack Kennedy tried to cut in. Kennedy tapped him on the shoulder and said, "Beat it, JG." He meant "lieutenant commander, junior grade," my father's rank. My father still left at the end of the night with the starlet on his arm. He was very good-looking and brought Tallulah Bankhead to "house parties" at Hamilton, his small New England college.

A year after Kennedy's assassination, Mary was murdered on the C&O Canal towpath near her house in Georgetown. Many believed it was an "inside job," because she had become a security risk. She was angry about the Warren report and viewed it as an obstruction to any actual investigation. Mary was even threatening to go to the *New York Times* with what she knew about agency malfeasance from both her marriage to Meyer and her relationship to Kennedy. Some said Kennedy wished to abolish the CIA and create a new department with more oversight.

James Angleton obtained Mary's diary shortly after her murder. Angleton's wife, Cicely, was one of her good friends. Her other friends were Anne Truitt, the sculptor, and her sister, Tony, the wife of the *Washington Post's* editor Ben Bradlee. The children of all these people — victim, Agency investigators, close friends, relatives, classmates, the press who spun the story — know each other.

I once saw a memo on my father's desk addressed to Angleton. It said, "No word from Judge Corcoran on Mary Pinchot murder" and "People are asking what happened to Nosenko." Nosenko was a Russian defector falsely believed to be a double agent. He was held and "interrogated" for two years before being released and given an apology and maybe a stipend to live in Bethesda. The memo also said, "Officer drinking apparently a problem in Rome." My father, Angleton, and other CIA cronies drank oceans. I wondered how much one had to drink for it to be a problem for them.

**Mr. McGeorge Bundy**

**President**

**The Ford Foundation**

**477 Madison Avenue**

**New York, New York 10022**





## A WASP PEDIGREE

My father was raised in the town of Ridgefield, Connecticut, in the 1920s and '30s. His father, Theodore C. Jessup, was the headmaster of a boy's prep school in the town. His mother had abandoned him and his sister Cecily after becoming pregnant during an affair with a Wall Street tycoon. The man turned out to be a sadist and lost all his money, almost \$20 million, during the crash. My grandmother regretted it forever.

They had a Japanese butler who spoke little English. My grandfather once instructed him to "clean

up" the children's toy room. He took that to mean "clear out," I assume, because my father and his sister later watched in tears as a giant pile of their toys was burned in the yard. Another servant, an Irishman named Brady, got one of the maids pregnant. My grandfather confronted him about it and asked, "How could you do such a thing?!" The man explained, "Well, sir, she was real *physical built*."

My grandmother lived in New York and had consorted with White Russians between the wars. We once stayed with a friend of hers named Mrs Simpson in her giant townhouse on Manhattan's Upper East Side. She

**Dear Mac:**

One day at breakfast a while back, I referred  
 Brigadier General ~~Calder~~ who had been in the  
~~army and played leadership in building~~





introduced us to her other houseguest, Alexander Kerensky, who was then in his eighties and deaf. He was the first chairman of Russia's provisional government after the February Revolution. I was six.

My great-grandfather had been a famous alienist and early shrink. He was head of the Columbia University psychology department and something called the New York State Commission in Lunacy. He had the largest collection of Chinese art in the country in 1900 and made numerous trips there. He spoke and wrote Mandarin, and he wrote many poems with names like "Under the Dragon Willow" using the moniker "Pai Ta-shun." His name was Frederick Peterson. My father recalled being at a dinner at his grandparents' triplex on 86th Street when a guest, a noted pianist with the New York Philharmonic named Merwin Howe, started talking to himself. My dad just thought he seemed eccentric, but he was ordered to take the chauffeur and bring Howe to Bellevue, where my baffled fourteen-year-old father watched the poor man be committed. He was exposed at an early age to the unfair power of class privilege.

My family had a long connection to the Middle East. My great-great-grandfather was a missionary in Syria for sixty years and a founder of the American University of Beirut. He went to Yale, like his father, William Jessup, a prominent judge in Pennsylvania. He had once pardoned Joseph Smith, the founder of Mormonism, for swindling people by claiming to be able to find buried treasure. Smith, pursued by a lynch mob, had been given \$50 to vacate the state. The Jessups had come to Pennsylvania from Southampton, Long Island, where they had lived for six generations. They had been farmers and whalers, and then, later, lawyers and clergyman. Zebulon Jessup of Southampton had been a captain in the Continental Army.

Rather than a total contradiction of missionary values, I think my father believed his entrance into the intelligence game was a kind of "Good Work" – the twentieth-century repository for restless WASPs from upstanding families, like him.

~~CONFIDENTIAL~~

B-2916  
28 OCT 1971

**SUBJECT : Travel of U.S. Citizens to North Vietnam, North Korea, and the People's Republic of China (IS)**

**REFERENCE: Your memorandum dated 23 July 1971, Subject:**



Attachment C: Consolidated Alphabetical Listing of American Travelers During the Period 1 July through 30 September 1971 to North Vietnam, North Korea and the People's Republic of China.

2. For previous information on American travel to North Vietnam, North Korea, and the People's Republic of China, you are referred to our memorandum B-2785, dated 10 August 1971.

Attachments: a/s

Please transmit reply via CACTUS channel

## SEX, DRUGS, AND CIA

I was sent to a private progressive Quaker school in Maryland after we returned to Washington from Israel in 1975. It was the kind of place where there were no grades and you could design your own subjects. One class consisted of kids bringing in favorite children's books and just oohing and aahing in nostalgic recognition. Lots of rich Washington fuckups went there. Everyone had drugs. I liked that, but I was obsessed with a girl I'd seen in my neighborhood and made my parents transfer me to the public school to be near her – I told my parents the drugs there “deeply concerned me.” I became her biology lab partner, and we dated for two years.

My siblings, being older, had put my parents through a fair amount of stress before I came along. Boyfriends, drugs, and general running around had exhausted them by 1975, when I was in my mid-teens. They were pretty relaxed. I'm not sure they knew what grade I was in. One fairly loose rule was: “You and any girlfriends sleeping over on school nights: in bed by 10 – sharp!” I once asked my mother about condoms – if I should get them, since I had a girlfriend. She discouraged it, saying, “They're sort of a sailors-on-leave thing.” Déclassé.

DC was a big nexus for the Southern country rock of the 1970s. It was the era of John Prine, the Allman Brothers, the Marshall Tucker Band, Emmylou Harris,

the Grateful Dead, Danny Gatton, Little Feat, and the Eagles. I would have monster parties when my parents would leave for the weekend to visit Martha's Vineyard or Maryland's Eastern Shore. I'd have one or even two bands in different parts of the house with pedal steel, drums, and amps, all blasting away. By Sunday night, I'd have it all cleaned up. Once, a girl threw up onto secret documents in my father's study. She'd just opened a desk drawer and puked. Then she used our vacuum cleaner to suck it all up. A month later, my sister tried to use the machine, and ancient vomit and disintegrating CIA memos fell out of the rotten bag.

The English movie and theater actor Rex Harrison and his sixth wife, Lady Mercia, loved my parents. They had met in Europe, and Rex loved spy stuff. They came to Washington for an American Thanksgiving every year. They would send ahead cases of wine and champagne so there would be no danger of having to drink something bad. He had been a rich actor for so long that he was somewhat out of touch with regular folk, and he would say things like, “How do these homeless characters get into the country?” He had lots of funny gossip about George Sanders and David Niven and Robert Donat and the golden age.

He was invited to the White House, and he told me that all a lecherous Ronald Reagan wanted to know was “who was fucking whom.”

---

ONCE, A GIRL THREW UP ONTO SECRET DOCUMENTS IN MY FATHER'S STUDY AND USED OUR VACUUM CLEANER TO SUCK IT ALL UP.

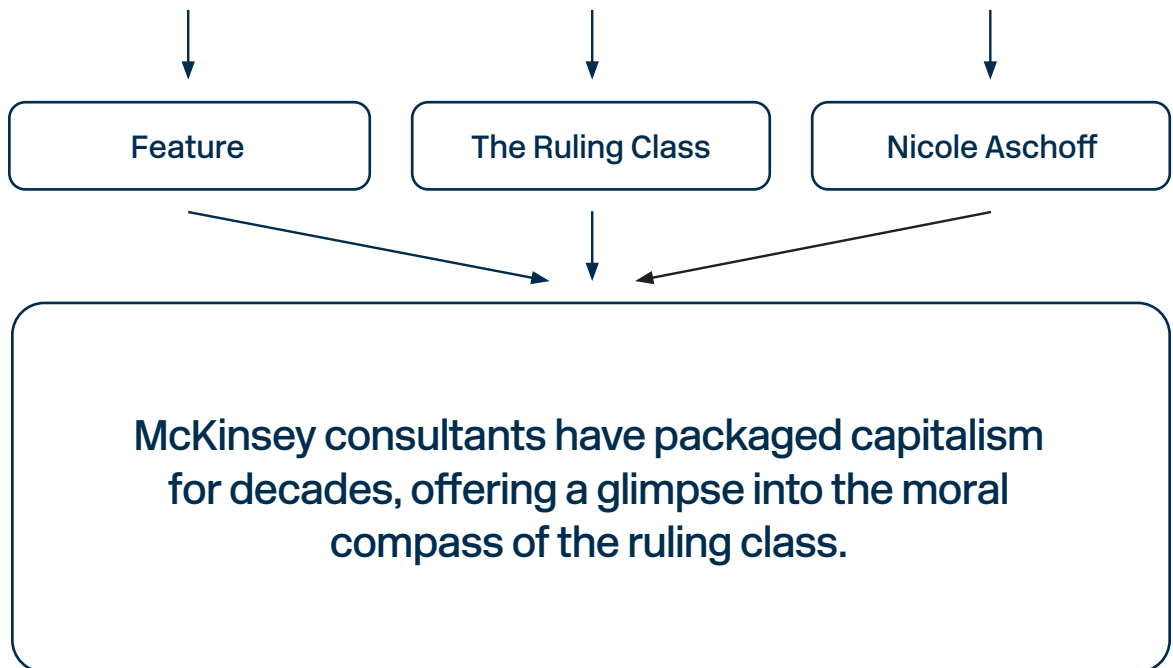
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# An Army of Pete Buttigiegs





## McKinsey is a captain of ideas, inculcating corporations and governments with its vision of how organizations should be run.

**IN 1935**, the mammoth retailer Marshall Field's was bleeding cash. And so the company's board of directors decided to bring in a man who had established a name for himself as a corporate makeover guru — James O. McKinsey.

McKinsey, sporting his signature blend of accounting, law, and management expertise, studied Marshall Field's books for a few months and recommended that it liquidate its wholesale division, close its less profitable stores, and cut 1,200 jobs. Eager to make sure the transformation was a success, McKinsey put himself in charge of implementing the changes — a restructuring that came to be known as "McKinsey's Purge."

"Mac" didn't survive his first foray into actually running a company — he died in 1937 from pneumonia. But the power of "The Firm" (as McKinsey insiders call it) to shape companies and governments has only grown stronger in the nearly one hundred years since its founding. Today, McKinsey & Company is a global powerhouse employing thirty thousand consultants in sixty-five countries

and boasts alumni in the C-suites of more than seventy S&P 500 companies. Its clients include nine out of ten of the world's biggest companies, and it has the ear of elected officials, royals, and demagogues the world over.

McKinsey is best known for helping institutions — from pharmaceutical companies to government agencies — find value, often through cost cuts. As Duff McDonald, author of *The Firm: The Story of McKinsey and Its Secret Influence on American Business*, contends, "McKinsey has been the impetus for more layoffs than any other entity in corporate history."

The Firm is about much more than slashing jobs, however. As C. Wright Mills wrote in *The Power Elite*, "The power elite are not solitary rulers. Advisers and consultants, spokesmen and opinion-makers are often the captains of their higher thought and decisions." McKinsey is a captain of ideas, inculcating corporations and governments with its vision of how organizations should be run.



The role of ideas in capitalism is often glossed over. The behaviors, strategies, priorities, and assumptions of corporate leaders are often assumed to be the rational by-products of profit-seeking impulses — “best practices” arising in response to market signals. There is obviously some truth to this. But institutions such as corporations and government agencies are, for better and for worse, also highly influenced by the prevailing capitalist zeitgeist — a zeitgeist that McKinsey has played a key role in formulating over the decades.

In the two decades following World War II, Keynesianism and the Cold War were key shapers of corporate identity. Executives valued security, predictability, and expanding market share, which they believed were best achieved through lifetime employment, avoiding risky financial ventures, and plowing profits back into brick-and-mortar expansion and acquisition. In these years, US companies grew into massive enterprises, raising questions about how to effectively manage them.

McKinsey was there with an organizational model — the decentralized multidivisional form, or M-Form — to help corporations like Chrysler, Raytheon, and General Foods manage their kingdoms. McKinsey also began exporting its know-how to European firms, who, McDonald writes, were terrified of an American invasion but desperate to capture their corner of the market. Siemens, Hitachi, the Bank of England, Royal Dutch Shell, and Renault all became “McKinseyized.”

But as competition increased and the contradictions of the Bretton Woods model heightened

“Change that matters.”

in the 1960s, corporate profits stagnated, and the American conglomerate model became suspect. Big companies suddenly seemed plodding and uninspired. Futurists like Alvin Toffler and Warren Bennis touted a new vision of the corporation — smaller, lean, flexible — and McKinsey operationalized it.

As Louis Hyman argues in *Temp: How American Work, American Business, and the American Dream Became Temporary*, consultants played a central role in the dramatic corporate restructuring of the 1980s. McKinsey’s consultants, reports, and books encouraged firms to trim the fat of middle management and replace lifetime employment with outsourcing, project work, and temps. Risk minimization strategies shifted from reducing turnover and reinvesting revenue to cutting jobs and maximizing shareholder value. Instead of defining themselves by their industry, McKinsey encouraged CEOs to identify their goals with profit-making alone.

Somehow, cutting the fat never extended to consultants, though. Hyman says that “by the

Somehow, cutting the fat never extended to consultants.





1980s, the most powerful American corporations typically had a continual set of consultants advising them on matters of business strategy... Consultants were the business strategists for the corporations, instead of the corporation's senior leadership."

These days, the capitalist zeitgeist is shifting once again. The belief that maximizing shareholder value would bring the greatest rewards for individuals and communities took a beating after the 2008 financial crisis. But McKinsey is already ahead of the curve, pivoting to the wonders of data analytics and artificial intelligence. Its website emphasizes The Firm's expertise in "data translation," helping companies use algorithms and machine learning to boost revenues and growth.

While McKinsey is often associated with corporations, from the very beginning, its advice has been eagerly sought by political leaders. At the same time that it was helping executives manage multidivisional firms in the 1950s and '60s, it was developing lucrative relationships with government agencies. President Dwight D. Eisenhower, for example, hired the firm in 1952 to advise him on filling executive branch positions. Dozens of government agencies, from the Department of Defense to NASA, hired McKinsey consultants to streamline workflow and develop their organizations.

Indeed, the global political reach that McKinsey enjoys today was already being established

in the postwar decades. Britain and Germany made extensive use of its consultants. So did Julius Nyerere, the longtime socialist president of Tanzania. In the early 1970s, Nyerere had a team of McKinsey consultants working for him on developing blueprints for the postcolonial transition.

Today, public sector consulting is a \$9 billion industry in North America. McKinsey has raked in \$20 million from the US Immigration and Customs Enforcement agency alone in recent years. Former president Barack Obama hired McKinsey to help ICE streamline deportations, and Donald Trump kept the company on, expanding its role to find ways to cut costs in his crackdown on illegal immigration. According to a *ProPublica* investigation, McKinsey's recommendations for ICE included spending less money on food, medical care, and supervision for detainees.

What is McKinsey's special sauce? Why are companies and countries so eager to call upon it? McDonald says that The Firm's success isn't rooted in the novelty of its ideas and recommendations. "The great open secret of the McKinsey business model," he argues, "is that a large part of its success has come by reselling the insights of others." For example, "the primary product McKinsey sold, for several decades, was a customized version of the decentralized, multidivisional organization structure pioneered by the likes of DuPont."



**"Purpose,  
not platitudes."**

## McKinsey's recommendations for ICE included spending less money on food, medical care, and supervision for detainees.



Instead of surefire plans for success, McKinsey's prestige, burnished by its pipeline to graduates from Harvard Business School and other elite institutions, gives companies cover to implement dramatic restructuring plans. Calling up McKinsey lets executives off the hook for unpopular decisions, such as IBM's mass layoffs and elimination of lifetime employment, which devastated the surrounding community in Upstate New York.

McKinsey has actually given a lot of bad advice over the years. In the case of Tanzania, for example, Brian Van Arkadie cites McKinsey's "poorly thought out external proposals for administrative reform" as an important factor in the country's inability to develop a competent bureaucracy.

AT&T, General Motors, and Swissair crashed and burned after hiring the consulting firm, and who can forget Enron? CEO Jeffrey Skilling, a former McKinsey consultant, brought the consulting firm in on an almost continuous basis in

the years leading up to the energy company's epic collapse in 2001 and Skilling's twelve-year imprisonment for nineteen counts of fraud, insider trading, and criminal conspiracy.

The Firm denies any wrongdoing in the Enron case, but it's difficult to say what its role was in the scandalous mismanagement and greed displayed by Skilling and his compatriots. The difficulty is due in part to McKinsey's intense secrecy about its activities. It is not publicly traded, it doesn't divulge how much its partners earn, and it doesn't say who its clients are. Clarity comes only when people go digging, and when they do, the results are often unsettling.

*ProPublica* went digging. It investigated McKinsey's boast that its "restart" housing program at Rikers Island had cut violence by 50 percent at the jail complex. Anthony Shorris, Mayor Bill de Blasio's top deputy, hired McKinsey in 2014 following a string of media reports about the brutality of life at Rikers, where fights, stabbings, and assaults by guards were common. New York City paid McKinsey, who had no experience restructuring jails or prisons, \$27.5 million over three years to test a new anti-violence strategy.

McKinsey claimed its "restart" program was a great success. But *ProPublica's* investigation revealed that the improvement stats were a fabrication. McKinsey and prison administrators stacked the "restart" houses with Rikers's least violent prisoners. Moreover, instead of finding ways to reduce skyrocketing violence in the

**“The primary product McKinsey sold, for several decades, was a customized version of the decentralized, multidivisional organization structure pioneered by the likes of DuPont.”**

prison, McKinsey encouraged guards to expand the use of tasers, shotguns, and K9 patrol dogs.

The company doesn't just lie about its efficacy. It also lies about being a “disinterested expert” — its promise to maintain a strict fire wall between the consulting work it does for its clients and the financial returns it gets from investing in these same firms. The first time McKinsey breached this fire wall was in the 1990s, when top McKinsey executives were caught insider trading. McKinsey was embarrassed by the scandal and swore future vigilance. But a series of subsequent investigations revealed that conflicts of interest were still par for the course.

McKinsey's secret hedge fund appears to be a key player in these cases. McKinsey Investment Office, or MIO Partners, manages roughly \$25 billion for McKinsey employees, alumni, and retirees through a series of smaller hedge funds, various shell companies, and an offshore location in the English Channel island of Guernsey, where it keeps a large part of its holdings. Not much is known about MIO Partners and its investments, however. Nor is the relationship between MIO and McKinsey clear. But what is known doesn't look good.

Recent revelations show that McKinsey has been double-dipping in its bankruptcy dealings. In Virginia, a coal company, Alpha Natural Resources, hired McKinsey to help it generate a bankruptcy

restructuring plan to, among other things, figure out how much it would need to pay its secured creditors. The problem is that McKinsey, through its hedge fund MIO, was one of those secured creditors, a conflict of interest great enough that a federal judge ordered a reopening of the case.

A similar problem occurred in Puerto Rico. McKinsey was hired by Puerto Rico (and has so far been paid \$50 million) to help the territory generate an exit strategy to manage its crippling debt and get on a path toward growth and development. Unfortunately for Puerto Rico, McKinsey had a material interest in making sure the island paid off its secured creditors — it was one of them, with at least \$20 million in Puerto Rican securities.

According to the *New York Times*, the plan McKinsey sold to Puerto Rico “was surprisingly generous to the owners of those sales-tax bonds. They were offered new bonds that would be

**“Consulting on the cusp of disruption.”**



valued at either 93 percent or 56 percent of what the old ones originally were worth, depending on the terms of the old bonds.” After all is said and done, it looks like McKinsey’s hedge fund (through its subsidiaries) will double its original investment in Puerto Rican bonds while the island and its inhabitants continue to struggle.

The frequency of McKinsey’s conflict of interests in its bankruptcy advising reached the point where the firm was forced to settle with the US Department of Justice in 2019, agreeing to pay \$15 million to resolve previous complaints. The settlement is only a fraction of the fees McKinsey has earned, however, not to mention the money its hedge fund has earned through the restructuring plans.

Sometimes, the opposite problem occurs: McKinsey is “disinterested” when it clearly shouldn’t be. In 2015, Saudi Arabia hired the company to investigate how the public viewed the economic austerity policies the government was implementing at the time. McKinsey produced

a report that included the names of three individuals who had criticized the regime on Twitter. Shortly thereafter, one of the people named was arrested, while another said that his brothers had been imprisoned and his cell phone hacked.

The Firm professed “horror” that its report may have been used for evil. Not horrified enough, apparently, to prevent it from attending a huge investment conference in Saudi Arabia shortly after the Saudi government was implicated in the murder and dismemberment of journalist Jamal Khashoggi in 2018. The Saudi government is one of McKinsey’s top clients.

McKinsey will take money from just about anyone. Ukrainian billionaire Rinat Akhmetov hired the company to extol the virtues of Viktor Yanukovich to the Ukrainian people and the world.



**Instead of finding ways to reduce skyrocketing violence in the prison, McKinsey encouraged guards to expand the use of tasers, shotguns, and K9 patrol dogs.**



McKinsey did so, running forums in New York and Washington about how Yanukovych would modernize and grow Ukraine's economy. Instead, Yanukovych robbed the country blind and fled to Russia. No problem. McKinsey simply hired itself out to his replacement.

When onetime Democratic presidential candidate and McKinsey alum Pete Buttigieg was asked about the potential ethical implications of working with some of McKinsey's more disreputable clients, he said, "I never worked on a project inconsistent with my values, and if asked to do so, I would have left the firm rather than participate." McKinsey apparently doesn't force its employees to consult for clients they have moral qualms about.

But there seem to be plenty of consultants at McKinsey who have no problem working for companies and politicians that put money and power above all else — and McKinsey helps them get more money and power. Just look at revelations about The Firm's connection to Purdue Pharma, the maker of OxyContin. A recent Massachusetts lawsuit argued that McKinsey was a central player in the state's opioid epidemic, coaching Purdue on "how to 'turbocharge' sales of OxyContin, [and] how to counter efforts by drug enforcement agents to reduce opioid use." McKinsey was also, according to the lawsuit, "part of a team that looked at how 'to counter the emotional messages from mothers with teenagers that overdosed' on the drug."

McKinsey has refused to admit guilt in its dealings with Purdue and other pharmaceutical companies, but in February, it agreed to a \$574 million settlement with the attorneys general of every US state except Nevada to fund opioid treatment and recovery programs. The Firm's contribution to an epidemic that has killed nearly a quarter of a million Americans, however, didn't stop governments around the globe from enlisting its help in managing the coronavirus pandemic. In the United States alone, state and federal agencies awarded the company more than \$100 million in COVID-19 contracts. America's ruling class may express occasional dismay at McKinsey's misdeeds, but at the end of the day, the consulting firm's growing list of crimes and misdemeanors elicits little more than headlines and token gestures. Indeed, as former global managing partner Kevin Sneader, who was ousted early this year by the company's senior partners for his apparently overzealous reform efforts, boasted: 2020 was McKinsey's "best recruiting year ever." ■





*Take* Me to  
Your Leader:  
The *Rot* of  
the American  
*Ruling* Class

*For more than* three centuries, something  
has been going horribly wrong at the top of  
our society, and we're all suffering for it.

Doug Henwood





*Back in the* George W. Bush years, I began thinking the US ruling class had entered a serious phase of rot. After a round of tax cuts skewed toward the very rich, Bush and his cronies launched a horribly destructive and expensive war on Iraq that greatly damaged the reputation and finances of the United States on its own imperial terms.

The president and his cronies seemed reckless, vain, and out of control. Bush adviser Karl Rove dismissed the critiques of “the reality-based community,” with its conclusions drawn from “the judicious study of discernible reality.” Instead,



Facing the greatest economic crisis since the 1930s, one like that depression driven in large part by Wall Street, Obama was not about to do anything on the scale of the New Deal. There was the early and under-powered stimulus package, but beyond that, there would be no major reregulation of finance and no programs of public investment, income security, or redistribution. Unlike the Franklin Roosevelt

me) thought the establishment would somehow keep Trump from winning. Hillary Clinton, the product of Wellesley College and Yale Law School, would stop the vulgarian who cheated his way into Wharton from entering the Oval Office. But her brand of status-quo politics failed to inspire.

Trump was not the bourgeoisie’s favorite candidate. He had support from provincial plutocrats but not from the executive suite at Goldman Sachs. When he took office and immediately began ransacking, one wondered if the deep state would rein him in. Maybe the CIA would even arrange a malfunction in Air Force One’s fuel line. But it was not to be. Tax cuts and deregulation made capital forget all their reservations about Trump, and the stock market made 128 fresh daily highs—on average, one every six days—between inauguration and the onset of the coronavirus crisis. It took his encouragement of an attack on the US Capitol for the big bourgeoisie to complain openly—99 percent of the way through his time in office.



Rove asserted, “We’re an empire now, and when we act, we create our own reality.” One waited in vain for the grown-ups to appear on the scene and right the imperial ship, but, if they existed at all, they were too busy celebrating their tax cuts and pumping up the housing bubble to bother.

After that bubble burst, creating the financial crisis and the Great Recession, the smooth and cerebral Barack Obama seemed like a stabilizing force. That’s not what many of his more fervent supporters expected of his presidency; they were hoping for a more peaceful and egalitarian world, but they got neither.



administration, or even John F. Kennedy’s, for that matter, there was little political ferment around the White House, even though the Democratic policy elites came out of the same Ivy League circles as their ancestors.

The disappointments of the Obama years prepared the way for Donald Trump. Throughout the 2016 presidential campaign, many people (including sometimes

*Fish rots from the head, they say, and it’s tempting to think the same about US society. We’ve always had a brutal ruling class—more brutal at certain times (the years of slavery and Jim Crow) than others (the New Deal). But despite the brutality,*



1 George W. Bush, 2004.

2 A US tank rolls deeper into Iraqi territory, 2003.

3 Karl Rove, 2002.

4 Christie’s auctions the Lehman Brothers sign in 2010.

5 Donald Trump, 2016.

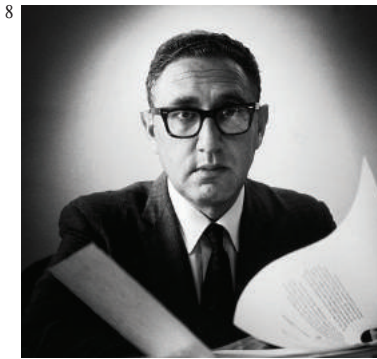
6 Hillary Clinton, 2016.



# “We’re an empire now, and when we act, we create our own reality.”

there was usually a great economic and cultural dynamism. That now seems long past, and I’m not just talking about the era of Trump and the coronavirus. Something has gone badly wrong at the top of this society, and all of us are suffering for it.

One doesn’t want to idealize the ruling classes of the past. For all of history, their wealth and status have depended on exploiting those below them — and they’ve never shied away from extreme measures if they feel that those things are threat-



ened. But the present configuration of the American ruling class is having a hard time performing the tasks it’s supposed to in order to keep the capitalist machine running. It’s not investing, and it’s allowing the basic institutions of society — notably the state but also instruments of cultural reproduction like universities — to decay.

Capitalists have long been driven by shortsightedness and greed. But it feels like we’ve entered what Christian Parenti calls the necrotic phase of American capitalism.

Lest anyone misunderstand, this isn’t an argument for a better elite or a “true” meritocracy; it’s ultimately an argument for a different society, one not dependent on the rule of plutocrats and their hired hands.

*A core concept* of Marxism is class struggle, but the tradition exhibits a strange dearth of investigation of the ruling class. When I first started getting interested in elite studies, I asked the Marxist political

scientist Bertell Ollman whose writing he liked on the issue. He thought a moment and said, “Marxists don’t write about the ruling class.” When I asked why not, he said, “They think it’s obvious.”

You could say the ruling class is the capitalist class, of course, but what does that mean? CEOs of Fortune 500 companies? Their shareholders, to whom they allegedly answer? What about the owner of a chain of franchised auto parts stores in the Midwest? The owner may be able to get his congressperson on the phone — a senator might be harder — to get a tax break slipped unobtrusively into a larger bill, but what influence does he have over larger state policy? Are car dealers part of the ruling class? If so, what about new versus used? And what about someone like Henry Kissinger, a man who started as a clever functionary and ended up shaping US foreign policy in much of the 1970s, and who still has an influence over how diplomats and politicians think? How about less grand politicians and high government officials? Are they employees of the ruling class or its partners — or shapers, even? It’s not at all obvious.



Before proceeding, I should say I’m not taking seriously the idea that there is no ruling class — that there are voters

in a democracy who may be divided into interest groups but none are dominant. Yes, the constrained democracy we live under is a lot better than a dictatorship would be; elections do act as a limit on elite power. But that’s a long way from the popular self-government socialists dream of. Nor am I taking seriously conceptions of a ruling class that center on PC-obsessed, organic-food-eating urban elites. That set



has some influence, especially among the liberal wing of the consciousness industry, but it doesn’t shape the political economy.

I’d say the ruling class consists of a politically engaged capitalist class, operating through lobbying groups, financial support for politicians, think tanks, and publicity, that meshes with a senior political class that directs the machinery of the state. (You could say something similar about regional, state, and local capitalists and the relevant machinery.) But we shouldn’t underestimate the importance of the political branch of the ruling class in shaping the thinking of the capitalists,

who are too busy making money to think much on their own or even organize in their collective interest.

7 Banner from George W. Bush’s Tax Relief signing, 2006.

8 Henry Kissinger, 1969.

9 Seal of the Central Intelligence Agency.

10 Seal of the president of the United States.

11 Dead sardines.

One way to approach the question of a ruling class is through Italian elite theory, namely the work of Vilfredo Pareto, Gaetano Mosca, and Robert Michels. In his four-volume warhorse *The Mind and Society*, Pareto laid out a clear vision of society:

Ignoring exceptions, which are few in number and of short duration, one finds everywhere a governing class of relatively few individuals that keeps itself in power partly by force and partly by the consent of the subject class, which is much more populous.

To preserve its power, that governing class must be “adept in the shrewd use of chicanery, fraud, corruption.”

Individual governing elites do not last: “History is a graveyard of aristocracies,” Pareto declared. Contributing to their passing is a loss in vigor, an effect of the decadence of the well-established and the failure to invigorate the stock by recruiting from below. For Pareto, a healthy governing class is able to absorb the leaders of the “governed” and thereby neutralize them. “Left without leadership, without talent, disorganized, the subject class is almost always powerless to set up any lasting régime.” (Karl Marx said something similar: “The more a ruling class is able to assimilate the foremost minds of a ruled class, the more stable and dangerous becomes its rule.”) But if the governing class is overcome by “humanitarian sentiments” and is unable to absorb the natural leaders of the oppressed, it could be overthrown, especially if “the subject class contains a number of individuals disposed to use force.”

Mosca wrote at some length about strata below the ruling elite. The one just below it, which plays the officer corps to the enlisted personnel of the masses, is crucial to the health of the system and functions as the backbone of political stability. Should it erode, morally or intellectually, then society will unravel. It can tolerate foolishness at the top if the stratum just one level below is in good order — one thinks of Trump and the grown-up problem.

Mosca saw clearly the profound relation of the family to political and economic power, something modern conservatives understand (and people who wonder about the coexistence of “family values” and neoliberal politics don’t). Upper-class parents do their best to prepare their children for rule, and there’s always a heavy dose of inheritance in social power. In an exuberant moment, Mosca wrote:

In order to abolish privileges of birth entirely, it would be necessary to go one step farther, to abolish the family, recognize a vagrant Venus and drop humanity to the level of the lowest animalism. In the *Republic* Plato proposed abolishing the family as an almost necessary consequence of the abolition of private property.

Further down, Mosca lamented the state of the European middle classes in the 1930s. He warned, “If the economic decline of [the middle] class should continue for a whole generation, an intellectual decline in all our countries would inevitably follow.” They are “great repositories of independent opinion and disinterested public spirit,” without which:

we would have either a plutocratic dictatorship, or else a bureaucratic-military dictatorship, or else a demagogic dictatorship by a few experts in mob leadership, who would know the arts of wheedling the masses and of satisfying their envies and their predatory instincts in every possible way, to the certain damage of the general interest.

He didn’t define the “general interest,” a concept often confused with what’s good for the upper orders, but the erosion of the US middle ranks over the last few decades has had a trajectory not unlike what Mosca worried about.

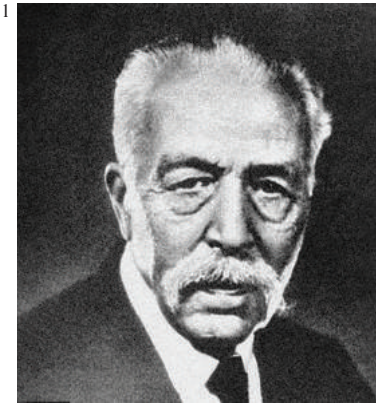
Of the Italian trio, Michels is the most interesting, not least because so much of his attention is paid to the Left formations to which he once belonged. His most famous contribution is known as the “iron law of oligarchy,” a belief that organizations will always evolve into hierarchies,

even parties ostensibly trying to overthrow the hierarchies of bourgeois society. Marx was right about class struggle as the motor of history, Michels conceded, but every new class coming to power will itself evolve a new hierarchy. Even syndicalists, argued Michels, who criticize the oligarchic tendencies in socialist parties and favor instead direct strike action by organized workers, need leaders. “Syndicalism is even more than socialism a fighting party. It loves the great battlefield. Can we be surprised that the syndicalists need leaders yet more than do the socialists?”

Within socialist parties and organization, Michels pointed to the prominence of traitors to the bourgeoisie. Most of the prominent nineteenth-century socialist writers, Marx and Engels most famously, were bourgeois intellectuals; Pierre-Joseph Proudhon was a rare exception. So, too, the revolutionary leaders of the twentieth century: Vladimir Lenin came out of a middle-class family and was educated as a lawyer; Leon Trotsky was born to a rich farming family and educated in cosmopolitan Odessa; Che Guevara was another child of the middle class who was surrounded by books and political conversation as he grew up. No doubt the descendants of the old syndicalists would argue that these relatively elite origins contributed to the ossification of the Russian and Cuban revolutions — but one could cite Michels’s retort about the necessity of leaders to the syndicalists in response to that critique. Growing up bourgeois confers some advantages — time to study, as well as exposure to the nature of power — often denied to people further down the social hierarchy. Instead of lambasting their “privilege,” it might be better to welcome these class traitors.

This doesn’t mean one should be complacent about them, or about the concept of leadership in general. Many on the Left have resisted applying Michels’s iron law to our parties and occasionally our governments, but it would be better to acknowledge the power of the tendency and figure out the best way to keep those leaders accountable through what Michels called “a serene and frank examination of



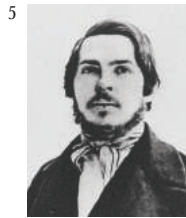


the oligarchical dangers of democracy." It's better to be open about the reality of hierarchies than to pretend they don't exist; even professedly leaderless organizations are subject to domination by the charismatic.

The Italians focus primarily on politics and the state as the sites of rule, without much interest in their relations with capitalists. For an American, that seems like a serious deficit. But in some senses, the focus on politics is clarifying.



That's where class conflicts are often crystallized, sharpened to a point — more so than in the workplace, which can appear to be the site of interaction among individuals rather than classes. As the Marxist political theorist Nicos Poulantzas put it, through relations with the state, the complex and diffuse relation between classes "assumes the relatively simple form of relations between the dominant and the dominated, governors and governed."



3 Vilfredo Pareto, 1870s.



4 Che Guevara, 1940.  
5 Friedrich Engels, 1845.

<sup>2</sup> *We once had* a coherent ruling class, the White Anglo-Saxon Protestants (**WASPs**), who more or less owned and ran the United States from its founding through the 1970s. Based largely in the Northeast, with offshoots in the Upper Mid-

west, **WASPs** went to the same elite schools and colleges, belonged to the same clubs, married out of the same pool, and vacationed in the same favorite rural retreats. There were Southern **WASPs**, descendants of the slave-owning gentry, but they never had the social weight of their northern relatives — though they did rule their region and enjoy an outsize role in Congress for decades.

At the rank-and-file level, men worked in genteel law firms and brokerages or as executives in old-line manufacturing firms, and women did volunteer work for museums and charities and maintained the social relations that kept the group functioning together as a class. At the high end, **WASPs** played a role in government far out of proportion to their numbers, most notably in foreign policy. The Council on Foreign Relations (**CFR**), target of innumerable conspiracy theories generated from left and right for its prominent role in shaping imperial policy, traces its origins to the end of World War I, when a delegation of British and American diplomats and scholars decided to preserve the transatlantic comity of the war years and form a council whose purpose was, in the words of Peter Gosse's official history, "to convene dinner meetings, to make contact with distinguished foreign visitors

under conditions congenial to future commerce." The **CFR** didn't begin to influence policy until the 1930s, when its fellows and members helped plot the takeover of the British Empire, a concern of the Franklin Roosevelt administration.



That special identification with England has been foundational to **WASP** identity from the first. But it took waves of fresh immigration from Southern and Eastern Europe, people with strange customs and sometimes dangerous politics, for the formation to come to energized self-consciousness as a class, beginning in



7 Vladimir Lenin and his family, 1879.

"The more a ruling class is able to assimilate the foremost minds of a ruled class, the more stable and dangerous becomes its rule."

1 Gaetano Mosca.  
2 Robert Michels.

6 Leon Trotsky, 1888.



the 1880s. That decade brought the obsession with finding one's old-stock roots, the first country clubs, the founding of the *Social Register*, and, quite importantly,

recruits like George Kennan (son of a Milwaukee lawyer) and John McCloy (a poor kid from Philly who learned the ways of the elite at an early age and got certi-

lace curtain district," went to Choate and Harvard to learn the manner of the upper orders. As president, he brought back the older patrician crew and added the notorious McGeorge Bundy, another Groton product, who would be one of the most enthusiastic promoters of the Vietnam War, a disaster that pretty much ended that caste's dominance of foreign policy.

Fresh from helping wreck Southeast Asia, Bundy went on to run the Ford Foundation, where, among other things, he applied counterinsurgency techniques developed in Vietnam to the urban crisis of the 1970s. Bundy's strategy, as Karen Ferguson recounts in *Top Down: The Ford Foundation, Black Power, and the Reinvention of Racial Liberalism*, was to split off the "natural" leadership of the black community and incorporate it into the ruling class, then encourage the separate development of black schools and cultural institutions on an apartheid model, because the broad population just wasn't advanced enough to join white society. The Italian elite theorists would have been proud of him.

As the twentieth century rolled on, WASP predominance eroded in spheres



the opening of the Groton School by Endicott Peabody, which shaped generations of the wellborn as well as the children of arrivistes who wanted to learn the ways of the wellborn. Peabody's vision was one of "Muscular Christianity," popular among elites of the time, who were worried about a loss of manliness in an increasingly urban society — austere, disciplined, athletic. FDR said that the influence of Peabody and his wife meant more to him than "any other people next to my father and mother."

Coming out of World War II, elite WASPs like Averell Harriman (son of a robber baron) and Dean Acheson (son of the Episcopal bishop of Connecticut, who learned how to row crew from Harriman at Groton), supplemented by

fied with a Harvard Law degree), shaped what would become the US empire. Their skill can't be denied; that empire has had a long and successful run, though it now looks to be coming unglued. (The competitive pressures of having the USSR as rival, and having socialism as a plausible alternative to capitalism in the twentieth century, did bring out some of the talent in the upper crust.)

McCloy, despite being a recruit, earned the title of "chairman of the American establishment" for having run postwar Germany and becoming a name partner of the law firm that represented the Rockefellers, Chase, and Big Oil (from which he took a break to run the young World Bank, which he kept safe for Wall Street). At one point, he was simultaneously chair of Chase, the Ford Foundation, and the Council on Foreign Relations and partner at the elite law firm Milbank, Tweed, where he basically ran US Middle Eastern policy.

Cast into political exile in the Eisenhower years, the WASPs returned with the status-anxious John F. Kennedy, desperate for the approval of a stratum suspicious of Irish Catholics. Kennedy, who was denounced by WASP columnist Lucius Beebe as "a rich mick from the Boston



1 The 53rd Head of the Charles Regatta, 2017.

2 Barbara Anne Eisenhower at the International Debutante Ball

at the Waldorf Astoria Hotel in New York, 1967.

3 Elihu Root, head of the Council on Foreign Relations, 1902.

4 Logo of *Foreign Affairs*.  
5 Class ring from Groton School.

6 McGeorge Bundy and Governor Nelson Rockefeller, 1968.



# WASPs went to the same elite schools and colleges, belonged to the same clubs, married out of the same pool, and vacationed in the same favorite rural retreats.

cultural, political, and business elites. At the same time, the old-line manufacturing companies, headquartered not only in New York but also in outposts of the **WASP** archipelago like Pittsburgh and Cleveland, fell to Japanese competition and squeezed

the same investment bank for decades shopped around to find out who could give them the best deal. The stable world of the immediate postwar decades, in which the same companies dominated the Fortune 500 and trading on the New York Stock Exchange, was transformed by a massive wave of takeovers and business failures.

This new competitive structure destroyed the **WASP** dominance at the same time that it created fresh fortunes: oil and natural resources in the South and the West, and takeover artists like Henry Kravis and Carl Icahn. At the center of the turbulence was the investment banking firm of Drexel Burnham Lambert, which, though it bore a pedigreed name — the firm's founder, Anthony Drexel, was a partner of J. P. Morgan and a member of Philadelphia's aristocracy — had turned into a machine for borrowing lots of money and powering a fresh generation of arrivistes. But with the aristocracy in decline, the new arrivals had little to be assimilated into, unlike in Peabody's days. Instead, the 1980s brought us stylized remnants of the old order like *The Official Preppy Handbook*, a guide to dressing and acting like the aristocracy, and Anglophilic clothing designed by Ralph Lauren (born in the Bronx as Ralph Lifshitz).

Though always a major part of American life, money was about to take a starring role. It's hard to believe now, but when *Forbes* compiled its first list of the 400 richest Americans in 1982, there were just over a dozen billionaires among them,

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9 "I'm not sure I engage in a great deal of introspection," he said by way of explanation.

profits. Inflation and multiple generations of inheritance ate away at old **WASP** fortunes. And the deregulation of Wall Street that began in the mid-1970s turned the genteel world of white-shoe investment banking (and associated law firms) into a ruthlessly competitive one. Gone were the days when a well-bred young man could pop out of Yale and into a quiet job as a bond salesman.

To use the language of finance theory, the transaction replaced the relationship. All those old **WASP** ties of blood and club were replaced by principles of pure profit maximization. Firms that had dealt with

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7 John F. Kennedy at Harvard University, 1939.

8 McGeorge Bundy with American soldiers in Vietnam, 1965.

9 Quote from Bundy, 1979.  
10 JPMorgan Chase logo, 1954.

11 Dean Acheson signing the NATO agreement, 1949.

12 Averell Harriman, late 1930s.



# All those old WASP ties of blood and club were replaced by principles of pure profit maximization.

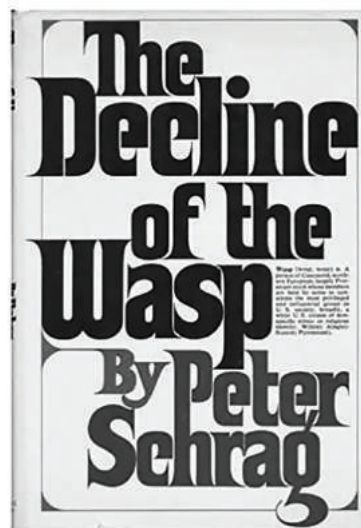
the new arrivals were more likely to depart the list than the pedigreed.

The economic and financial forces that helped destroy the WASPs and create a new capitalist class deserve close attention. Much of it revolved around the stock market, as the 1970s became the 1980s. The entire model of how to run large corporations was transformed.

Stock markets are peculiar institutions. They're touted in the media

people have deep ownership interest in the markets; only about half of American households have retirement accounts, with an average holding of \$65,000. The richest 1 percent own 55 percent of stocks; the next 9 percent own 39 percent, leaving all of 6 percent for the bottom 90 percent. The market's behavior can seem bizarre to outsiders and connoisseurs alike, swinging from extremes of joy to despair. Its reaction to news can be perplexing, but it's a realm where people are all trying "to beat the gun," an American phrase that John Maynard Keynes adopted in *The General Theory of Employment, Interest and Money* to describe the logic of speculative markets.

As frivolous as the market can seem, there's a serious business going on under all the froth. Much of the productive apparatus of the United States is owned by public corporations — that is, ones whose stock is widely held and traded on



detached as the stock market may appear from reality, it's actually an institution central to class formation — the way an owning elite stakes its ownership claims on an economy's means of production as a whole. That's in contrast to the nineteenth century, when industrial firms were owned by individual capitalists or small partnerships. As those firms grew, they became too big to be run and funded by a small circle; their organizational form gave way to the professionally managed corporation owned by outside shareholders. That became the dominant form of economic activity in the early twentieth century.

But the owners — the shareholders — don't know the first thing about how to run corporations, so they have to hire specialists to do the work for them. This presents what's known in the trade as an agency problem: the owners are dependent on hired hands to run their companies for them, but how do they know the executives are running the firms in the shareholders' interests and not their own? Yes, shareholders elect the board of directors, and boards hire and fire top management, but in practice, it's not easy for disperse shareholders to supervise a board, and crafty CEOs can turn boards into rubber stamps. If the market were working in accordance with official theology, it would be disciplining actors into the proper profit-maximizing behavior, but clearly that's not enough.



as economic thermometers, to a public that has little idea what they do. Few

exchanges. Those shares represent ownership interests in those corporations. As

1 Ralph Lauren, 1970.

2 A spread from *The Official Preppy Handbook*, 1980.

3 *The Decline of the WASP*, 1971.

4 The New York Stock Exchange and portraits of

capitalists and financiers, 1903.

5 Mary Schapiro testifies about the collapse of Lehman Brothers, 2010.



A classic work on the topic is Adolf Berle and Gardiner Means's *The Modern Corporation and Private Property*, published at the depths of the Depression in 1932, when capitalism was in deep disrepute. Berle and Means, both advisers to FDR, saw the large, publicly owned

this new capitalism could be managed responsibly after the reckless high jinks of the 1920s. Gone were the rabid profit maximizers of the robber baron era; why push to maximize profits when they'll only be passed along to shareholders? With the profit maximizing incentive gone, under

that this view aimed to make socialism obsolete and irrelevant now that the days of Jay Gould and J. P. Morgan had given way to the man in the gray flannel suit.

As the legal historian Mark Roe argues, the Berle-Means corporation

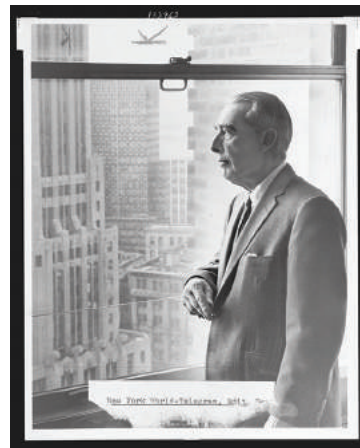


corporation — ever since nicknamed the Berle-Means corporation, marked by what they call the “dissolution of the atom of property” — as a profound innovation. It was about to become, if it wasn't already, “the dominant institution of the modern world.”

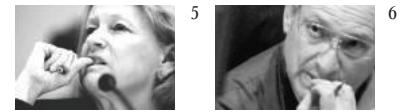
There were many perils in this new arrangement. As Berle and Means noted, “out of professional pride,” managers could choose to “maintain labor standards above those required by competitive conditions and business foresight or ... improve quality above the point which, over a period, is likely to yield optimum returns to the stockholders.” This would benefit other stakeholders, as we call them today, namely workers and customers, but it would be in “opposition to the interests of ownership.”

But that was not without political promise. As good New Dealers, they thought

a regime of proper state regulation and enlightened management, the system was evolving into a “collective capitalism,” as Berle called it in the preface to the revised



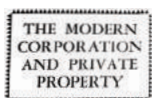
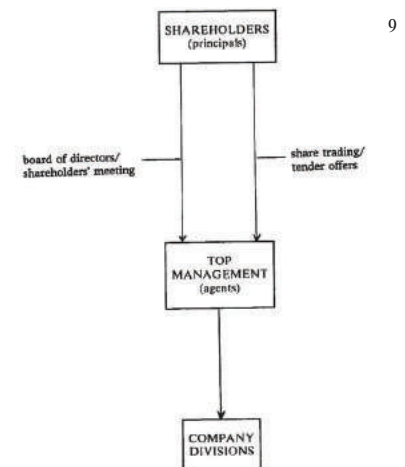
1967 edition. Or, as the authors put it in the original text, the modern corporation is “approach[ing] toward communist modalities.” It would be more accurate to say



emerged out of a nineteenth-century populist distrust of concentrated financial power. Better dispersed ownership, the thinking went, than bank ownership. These trends were reinforced by the New Deal, which broke up banks, took them largely out of the stock ownership game, and made it harder for financial operators to interfere in corporate management.

There was a clear political intent here. As Roe notes, the New Deal leashing of finance moved issues of ownership and class division off the political agenda, issues that were hot in the 1930s. FDR was explicit about the need to break up “private socialism” — concentrated corporate and financial power — in order to prevent “government socialism.” For New Dealers — many of them renegade WASPs rebelling against their kind's Republicanism — the point of regulation wasn't to stifle capital, it was to legitimate it by making financial power seem transparent and disinterested.

For the first few postwar decades, the New Deal model was standard liberal



6 A trader on the New York Stock Exchange floor, 1935.

7 *The Modern Corporation and Private Property*, 1932.

8 Adolf Berle, 1965.

9 A flowchart from *Alliance Capitalism: The Social Organization of*

*Japanese Business*, 1992.

doctrine. In *The New Industrial State*, John Kenneth Galbraith argued that rapacious profit maximization had been replaced by a secure mediocrity, and greedy capitalists by a “technostructure.” Top managers, who were well paid but on nothing like today’s scale, saw little point in risk-taking; they wanted sales growth and prestige, not the paychecks that would later populate the Forbes 400. Today’s paychecks are driven by stock prices; in the 1950s, top executives were paid mostly straight salaries. Shareholders had become vestigial; if they didn’t like the performance of firms they held stock in, they’d just sell the shares. No one ever troubled management.

That comfortable world began falling apart in the 1970s, as profits stumbled, financial markets performed miserably, and inflation rose inexorably. As we’ll see later, the corporate class organized to address this politically, but there was also a fierce fight within the capitalist class as shareholders began demanding more.

Enabling that demand for more was the major shift in the ownership of stocks. In the early 1950s, households (mostly rich ones, of course) owned over 90 percent of stock; now it’s under 40 percent. Large institutional holders like pension funds and mutual funds owned about 2 percent of all stock in the 1950s; now it’s around 30 percent. While the household owners of the mid-twentieth century had common interests in rising share prices and stable, generous dividends, they had no means of organizing to influence the corporations they owned. Today’s institutional owners have plenty of means. The diffuse, passive shareholders of the past have given way to the professional money managers of recent decades.

Deteriorating economic and financial performance, combined with the change in ownership, provided rich material for the shareholder revolution. Beginning in the 1970s, financial theorists, notably Harvard’s Michael Jensen, began to query the Berle-Means corporation. In a 1976 paper, Jensen and coauthor William Meckling noted the oddity of the public corporate form: “How does it happen that millions

of individuals are willing to turn over a significant fraction of their wealth to organizations run by managers who have so little interest in their welfare?” Having raised the question, they let the arrangement off the hook, essentially saying that it’s worked well so far. Jensen turned more aggressive in the 1980s, denouncing corporate managers as inefficient wastrels sorely in need of outside discipline. He particularly liked debt as a form of discipline; if a company had big debts to pay, it would concentrate managerial minds on maximizing profitability by cutting costs and closing or selling weaker divisions.

Theorists revived interest in a 1965 paper by law professor Henry Manne, who argued that efficiency — by which he meant profitability — would best be served by having corporations constantly up for auction to the highest bidder. What came to be known as the “liquid market for corporate control” would discipline managers, forcing them to concentrate on profits and stock prices at the expense of all those old New Deal considerations.

As theorists like Jensen did their work, financiers developed the practice: a debt-driven restructuring of corporate America. A wave of takeovers undertaken by investment boutiques like Kohlberg Kravis Roberts (**KKR**) and individual takeover artists like Icahn was launched at “underperforming” firms. While details vary, the model involved borrowing lots of money, taking over target firms against management’s wishes, and forcing a sale to the operator or some third party. Corporate indebtedness rose massively and fed the broad attack on labor that was underway in the 1980s; the quickest way to cut costs and raise your stock price was to do mass layoffs. The larger point of all these exercises was to center the stock price in managerial consciousness. That would solve the agency problem: make managers think like shareholders, relentlessly cutting costs and raising profits.

The takeover wave of the 1980s completely disrupted the corporate landscape, bringing down a lot of old names and, with them, an old corporate culture. The renegades were initially seen as disreputable

and greedy, conducting an assault on old values — the “barbarians at the gate,” as Bryan Burrough and John Helyar called their book on the battle for **RJR** Nabisco. Texas oilman turned financial operator T. Boone Pickens framed his 1983 takeover attempt on Gulf as an attack on a pampered corporate elite. Pickens never took over Gulf; it ended up being bought by **SOCAL** (Standard Oil of California), but he made over \$700 million by selling the stock he’d accumulated in the attempt. Another casualty of the deal was to diminish the old **WASPY** Pittsburgh corporate elite, of which Gulf was a pillar. And, as *Fortune* noted in an admiring 2019 obituary for Pickens, raids like his changed the way managers did business; the constant fear of a hostile takeover was “revolutionary, forever changing the way companies interacted with their shareholders.”

As often happens, the debt mania came to a bad end when too much money was borrowed to buy bad assets at excessive prices. The model collapsed in a wave of bankruptcies and a long recession in the early 1990s. But later in that decade, shareholders came up with a new ploy to press their interests: pension-fund activism, perversely led by public funds like the California Public Employees’ Retirement System (**CalPERS**). (Curiously, **KKR**, one of the pioneers of the 1980s takeover movement, which had initially been seen as reckless and maybe scandalous, was legitimated on Wall Street when it won an investment from the Oregon state pension fund; the second K, Henry Kravis, still publicly thanks the fund for helping launch them. Everywhere you look, you can see that states shape markets.) CalPERS would draw up lists of underperforming companies and lobby management to tighten the ship — meaning cut costs and boost the stock price. When I interviewed the chief counsel of CalPERS in the mid-1990s, I asked him about the propriety of using funds held in workers’ names to pursue an anti-worker agenda; he said they just cared about maximizing returns.

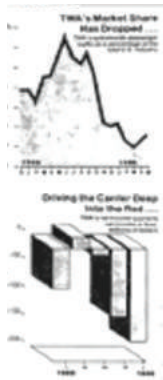
The result of all this was to turn the stock market into an ever-updating grade



on corporate performance. To induce managers to think like shareholders, their compensation was increasingly linked to the stock price. The intra-capitalist family fight looked to have been resolved in favor of shareholders. Predictable mediocrity, the lodestar of the 1950s and 1960s, had given way to the cult of the profit-seeking CEO with a 25 percent return on equity.



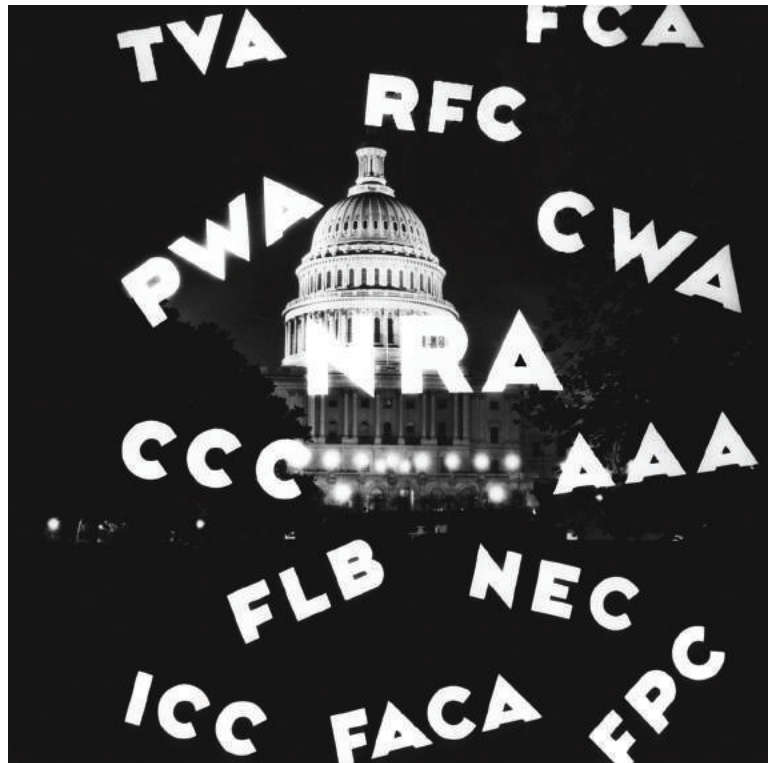
*The shareholder revolution* of the 1980s was supposed to make the passive investor a thing of the past. No longer would management run companies as private fiefdoms with little outside supervision: they'd be disciplined by activist investors and real-time report cards provided by stock prices.



### R.J. REYNOLDS SET TO PAY \$4.9 BILLION IN BID FOR NABISCO

That was the case for quite a while, but the intraclass peace treaty after the shareholder revolution has brought back several aspects of that old world. Two are especially important: the growth of index funds and the explosion in stock buybacks, through which corporations have shoveled trillions of dollars into their shareholders' pockets.

Financial theory from the 1960s onward argued convincingly that it's nearly impossible to beat the market. Sure, there are star investors like George Soros and Warren Buffett, but most people aren't them. Instead of trying to beat the market, many investors decided to settle for matching it. Big money managers like



Vanguard began offering mutual funds that replicated prominent stock market indexes, notably the S&P 500, by investing in the component stocks in proportion to their weights in the index. Because the management of an index fund is almost automatic, fees are very low compared to actively managed funds, which require the attention of highly paid specialists (who rarely deserve their compensation given how many of them lag the averages they're supposed to beat).

Over the last decade, law professors Lucian Bebchuk and Scott Hirst report, 95 percent of all inflows into investment



funds have gone to passively managed funds, like mutual funds. The lion's share has gone into funds managed by the Big Three (BlackRock, Vanguard, and State Street), and that proportion has been rising. In 1998, those three firms held about 5 percent of the total capitalization of the S&P 500, an index made up of the stocks of the largest blue chip corporations. That share is now 21 percent, and it's almost certain to keep growing. Managers of index funds rarely challenge management — and why would CEOs listen to them if they couldn't, by definition, sell their stock? And while managers of passive funds swear that they care deeply about their corporate governance responsibilities — high-mindedly called

1 Clipping from "Carl Icahn's Wild Ride at TWA," *New York Times*, 1986.

2 US Capitol and New Deal acronyms, 1930s.

3 Clipping from the *New York Times*, 1985.

4 T. Boone Pickens on the cover of *Time*, 1995.

5, 6 Logos for Southern California Gas Company and Gulf Oil.

“stewardship” in the literature — they have little economic incentive to do much. Any improvement caused by an indexer’s stewardship would accrue to other indexers as well, which would violate all norms of capitalist rationality. And with fees as low as they are, there’s not much money around to pay the stewards. Those entrusted with that task have about half a day for every company they cover. Index fund managers sometimes say they engage in behind-the-scenes lobbying of corporate managers, but the Big Three had no engagement at all with more than 90 percent of the firms in their portfolios.

Of course, the kinds of supervision that authors like Bebchuk and Hirst long for, like dismantling defenses against hostile takeovers, aren’t good for the working class. But this does represent a significant departure from the early hopes of the shareholder revolutionaries. There are still activist hedge funds that take positions in companies they see as underperforming to provoke management changes or takeovers, but they’ve become a lot rarer than they were in the 1980s, when CEOs routinely felt like they were under siege.

rather than shaping the future, which will damage innovation. Soon after writing that, Fraser Jenkins was diagnosed with lymphoma, and when he returned from his brush with death, he wrote a near-four-thousand-word essay musing on whether what he does for a living is worth it. Both those positions are worth taking seriously. With stockholders tending in the direction of autopilot, are they irrelevant?

This new unity of purpose between managers and shareholders has produced some perverse results, notably an eagerness to shower the shareholders with corporate cash. In both academic and popular theory, the stock market is supposed to be a way to fund corporate investment; shareholders are providing capital to firms in need of it. In fact, the stock market does very little of that. According to statistics collected by finance professor Jay Ritter, US corporations raised just over \$755 billion in initial public offerings (IPOs) — first sales of stock to the public by previously private corporations — between 1998 and 2020. That pales in comparison to the \$8.5 trillion firms spent buying back their own stock over the same period, which

vast sums into the wallets of shareholders and CEOs.

A study by Germán Gutiérrez and Thomas Philippon shows that buybacks have depressed investment, and that firms with high share ownership by index funds and other broad mutual funds that hold stocks rather than trading them aggressively (which, it should be said, makes excellent financial sense) do more buybacks and stint more on investment. Another reason to ask why we need outside shareholders.

The capitalist class is showing faint signs of rethinking the shareholder-first orthodoxy. In August 2019, the Business Roundtable, big capital’s trade association, issued a statement signed by 181 CEOs declaring the business had social goals other than profit-making — responsibilities to “all stakeholders — customers, employees, suppliers, communities and shareholders.” Commenting on the statement, JPMorgan Chase chair Jamie Dimon vowed “to push for an economy that serves all Americans,” a wish that is hard to square with his role in life. A subset of Wall Street money managers has been pushing for corporations to take environmental, social, and governance (ESG) factors into account when investing. That sounds nice, but a primer on ESG filters published by CNBC reports that such exemplars as Microsoft, Lyft, and Honeywell (which, among other things, makes parts for military aircraft) pass the worthiness test.

Just after Joe Biden’s inauguration, BlackRock boss Larry Fink announced that because “climate risk is investment risk,” he would be voting shares under that firm’s management against boards and CEOs that failed to show “significant progress on the management and reporting of climate-related risk, including their transition plans to a net zero economy.” In that statement, Fink also expressed concern for those capitalism has forgotten to treat well, though he was sparing in detail on how he’d change things. After that high-minded display, however, Fink is finding some of Biden’s early climate moves a bit extreme. There’s the bottom line to consider.

## For New Dealers, the point of regulation wasn’t to stifle capital, it was to legitimate it by making financial power seem transparent and disinterested.

If you can’t buy and sell stocks based on corporate performance, there’s less discipline coming from the stock price. A financial world in which index funds dominate is one where the stock market plays almost no role in how corporations are run. That prompts the question: Who needs outside stockholders?

In 2016, Inigo Fraser Jenkins, an analyst with the investment house Bernstein, declared indexing “worse than Marxism.” Central planning is bad enough, he argued, but a system in which capital allocation was purely formulaic looks backward

is still only half their profits. Such stock buybacks — which were mostly illegal before 1982 — are intended to boost prices and make shareholders happy. But since CEOs and other top executives are now paid mainly in stock, buybacks make them happy, too. (Research by the *Washington Post* and the Securities and Exchange Commission has found that corporate executives often sell into a buyback program, profiting off the lift all the corporate purchases give to prices.) The Berle-Means corporation has been transformed into a machine for stuffing



While much of this is risible, considering the sources and their material interests, the rhetorical shift is noteworthy. The corporate class is feeling unloved in ways it hasn't since the 1970s.

*At the same time* the stock market was acquiring a larger role in our economic life, so was a countermovement toward privatization. The number of public corporations has fallen dramatically — though their share of the economy has, if anything, grown — through mergers as well as the growth of private equity (**PE**), a form of business that harkens back to the nineteenth century, before the emergence of the Berle-Means corporation.

Curiously, modern **PE** traces its roots to some of the prime agents of the shareholder revolution, buyout boutiques like **KKR**. Of course, the 1980s buyout firms weren't the first to prowl the financial landscape, armed mostly with other people's money and looking to do deals — you could see J. P. Morgan himself as such an operator — but they were obscure players in the early postwar decades. The 1982 buyout of Gibson Greetings, led by former Treasury secretary (and avid right-wing propagandist) William E. Simon, made him and his partners millions of dollars when the company went public sixteen months later. It's often credited as the deal that got the 1980s buyout movement going, but it was **KKR**, founded in 1976 by three alumni of the late investment bank Bear Stearns (which blew up in the 2008 financial crisis), that really made the headlines. Among **KKR**'s triumphs of the 1980s were the buyouts of Safeway — which led to mass layoffs, union-busting, and worker suicides — and **RJR** Nabisco, the deal that inspired the 1989 best-seller *Barbarians at the Gate*.

With the end of the “roaring '80s,” the markets and the economy entered a period of doldrums that they didn't emerge from until the middle of the next decade. Buyout activity slowed markedly, as corporate America tried to digest all the debt contracted during the period of extreme exuberance. There was a surge with the dot-com mania of the late 1990s, a retreat

when it collapsed, another surge in the mid-2000s, a bigger retreat when the whole world nearly fell apart in 2008 (a year when a private equity titan, Bain's Mitt Romney, ran for president), and yet another surge over the last decade.

The core structure of private equity is fairly simple. A small management team raises a pool of money from rich individuals and institutions, then cruises for deals. The outside investors don't have much say in how things are run; they have to trust that the management team knows what it's doing. The typical target is an established firm that has seen better days. The **PE** shop buys the firm and works it over, cutting costs — most notoriously through layoffs but also by selling or closing the weaker operations. The purchase usually involves a major amount of borrowed money — money contributed by the outside investors is just a foundation, on top of which sits copious amounts of debt — which means a good deal of the target's cash flow has to be devoted to paying off interest and principal. On top of that, the new **PE** owners often issue debt in the target's name and pay themselves rich dividends with the proceeds. Returns for the **PE** firm's principals can be very generous; outside investors, however, don't necessarily do so well after the principals take their cut. The goal is usually to sell the firm to someone else several years down the line, either to another **PE** firm or to the public with a stock offering.

Private equity has become a major employer — not directly, since their staffs are relatively small, but through the companies they own. The Carlyle Group, **KKR**, and Blackstone together employ close to 2 million people. It's odd to think about **PE** this way. As *Financial Times* columnist Gillian Tett put it a few years ago, because of “their ruthless focus on efficiency and profit,” these companies are “better known for cutting jobs” than creating them.

Private equity's apologists say the model contributes to growth and employment, but lately, **PE** has been in the news for carnage in retail — chains like Toys “R” Us were killed in part by the enormous debt imposed by their **PE** owners — and

for jacking up the price of health care, where the buyout artists have recently been working their magic. **PE** went from being little involved in health care twenty years ago to having a massive presence today. Hospitals, medical and dental practices, and ambulance operators were taken over and often “rolled up,” as they say in the business, into large, heavily indebted regional or national behemoths. With the unexpected costs of the **COVID-19** crisis, the **PE** model “amplified ... salary cuts, layoffs, and bankruptcies across the health care industry,” in the words of an article in, of all places, the *Journal of the American College of Radiology*. Faced with unexpected costs and little financial cushion, “the short-term focus of the **PE** model led to hard cost cutting rather than more in-depth planning for the future.” Salaries and staff were slashed amid a profound health emergency.

But what's most striking about **PE** is how it's reconfigured the capitalist class — away, to some degree, from the dispersed ownership of the public company and back to a narrower ownership group. Curiously, many of the **PE** firms have themselves gone public, including **KKR** and Blackstone. Blackstone's **IPO** in 2007 was exquisitely timed, arriving as the first symptoms of the great financial crisis were revealing themselves; you'd suspect that the firm's two leading figures, Stephen Schwarzman and Hamilton “Tony” James (a member of Henry and William's family), surmised that things were about to go south and it'd be a good time to cash in on the exuberance of the investing public. Blackstone's principals kept all the voting shares and the right to set their own pay. Other **PE** firms have engaged in similar maneuvers to maintain tight management control. Even going public hasn't changed the industry's predilection for calling the shots with little external supervision.

A less malignant subset of **PE** is venture capital (**VC**), which provides money to start-ups, many of them in tech. It's not picking over “incumbent” old companies for unexploited values; it's trying to create new value, some of it fanciful.



In a world made flush with free Federal Reserve money — trillions of it after the 2008 financial crisis, and a few more trillions amid the **COVID-19** crisis — VCs have had cash to burn. The characteristic creature of the time has been the “unicorn,” if it achieved a billion-dollar valuation, and a “decacorn” if it managed ten times that. The exuberant funding of unprofitable firms was reminiscent of the late-1990s dot-com era, but unlike that time, the public didn’t participate through the stock market — it was funded by VCs using money from institutional investors and billionaires.

In the historiography of Wall Street, VCs and other “insiders” were the smart money who began selling off their investments to the masses through IPOs when it looked like time to get out. That was the spirit of the late 1990s, captured by star analyst Henry Blodget’s characterization of a now-forgotten stock called 24/7 Media as a “piece of shit” even while his employer, Merrill Lynch, was urging clients to “accumulate.” Blodget, who was fined \$4 million and banned for life from the securities business, went on to be a financial journalist.

This time, though, the VCs held back, waiting years to go public. Word was that they and their beneficiaries didn’t want all the scrutiny that came with an IPO — pesky shareholders wanting their say and their share. And when some of the big names finally made their debut, many initially fell on their faces. That didn’t stop the IPOs, however; from 2018 onward, we’ve seen some of the most vigorous activity in initial offerings, though nothing like the late 1990s. The public company is far from dead, but it’s not as alluring as it once was.

Recent decades have seen another throwback to nineteenth-century models: an increasing prominence for the owners of very profitable private firms. A study of US tax records, “Capitalists in the Twenty-First Century,” by economist Matthew Smith and colleagues, finds that a large portion of the upper ranks — just over half of the proverbial 1 percent — is populated by the owners of closely held firms, rather than the public company CEOs who get so

much of the press. Under American tax law, these are structured as pass-through entities, meaning their profits are untaxed at the firm level and distributed directly to their owners, either a single individual or a small partnership.

The form has grown sharply over the decades. Its share of total business income rose from 10 percent in the mid-1980s to 35 percent in recent years. Contributing to that growth are both a rise in value added per worker and an increasing share of that value taken by the owners.

Who are these owners? Most of them (85 percent) are “self-made,” at least in the sense that their parents were not in the 1 percent — though the remaining 15 percent whose parents were is fifteen times their share of the population. They’re unlikely to operate in capital-intensive industries, like manufacturing, which are more appropriate to conventional corporate forms. As the authors say:

Typical firms owned by the top 1–0.1% are single-establishment firms in professional services (e.g., consultants, lawyers, specialty tradespeople) or health services (e.g., physicians, dentists). A typical firm owned by the top 0.1% is a regional business with \$20M in sales and 100 employees, such as an auto dealer, beverage distributor, or a large law firm.

These enterprises yield a nice living for their owners, especially at the highest end. Firms owned by the top 0.1 percent (those with annual incomes of \$1.6 million or more) have an average of seventy-four employees who yield a profit of \$14,000 each for the boss — more than \$10 million in total. Few of these owners have more than one business, which makes for some precarity, and few businesses survive their owners. Even at the high end, this is not “Big Capital,” though it’s fat personal income. But they make up much of the top 0.1 percent — 84 percent of it in all. That’s thirteen times the number who make their big incomes as officers of public corporations; in the aggregate, privateers make eight times as much as their corporate comrades.

An interesting take on regional elites — those who live outside metropolitan centers and own businesses that might be small by globalists’ standards but are big in local terms — comes from the historian Patrick Wyman. Wyman wrote about what he called the “local gentry” in his hometown of Yakima, a city of 94,000 in Washington’s fruit and wine country, a long 140 miles from cosmopolitan Seattle. They own the region’s orchards and vineyards, and the businesses that serve those industries. Many are quite rich — not private equity rich, but enough to fund, in Wyman’s words, “hilltop mansions, a few high-end restaurants, and a staggering array of expensive vacation homes in Hawaii, Palm Springs, and the San Juan Islands.” You can say the same of hundreds of small cities around the country — Jeep dealers, McDonald’s franchisees, construction companies.

This formation looks a lot like a major base for the Republican Party: fervent enemies of taxes and regulations who may be too dispersed to cohere independently as a class but who can be nurtured by conservative politicians, donor networks, and think tanks. As of late October 2020, Yakima’s contributions to Donald Trump exceeded those to Biden by two or three times — a sharp contrast with Seattle, where, in some zip codes, Biden was ahead by as much as a 72:1 margin (and with five times as many dollars as Yakima). Upper-class Yakima is part of a formation that has been around for a long time; they were the financial base of right-wing politics back when Richard Hofstadter was writing about the paranoid style, but they’ve gotten a lot richer.

It’s not just geographical, it’s also a sectoral angle to the class base for right-wing politics. The MyPillow guy, Mike Lindell, was the most charmingly visible of Trump’s marginal business supporters, but there are also characters like Marty Davis, whom the *Washington Post* described as a “quartz-countertop mogul” based in suburban Minneapolis, at whose lakefront house Trump held an indoor fundraiser just before his **COVID** diagnosis. Minneapolis is far from a backwater, but Davis operates in an industry that would never

qualify for inclusion in the commanding heights of capitalism. Still, the Davis family, which diversified into counter-tops after a successful run in the dairy business, was rich enough to have made a brief appearance on *Forbes's* 2015 list of America's richest families, with \$1.7 billion in net worth.

All these developments do have some things in common: the share-price-motivated and buyback-driven public

But there were also vigorous internal restructuring programs that transformed the ideological coloration of the parties. In the 1980s, the Democratic Leadership Council (**DLC**), led by the likes of Bill Clinton, aimed to reinvent the Democratic Party for the neoliberal era by purging it of progressive forces left over from the 1960s and 1970s. The goal was to make it friendly to Wall Street and the Pentagon while dropping the civil rights and tree-

The big bourgeoisie had made an unhappy peace with the New Deal. The corporate and Wall Street establishment, based in the Northeast, featuring marquee names like Rockefeller, du Pont, Pew, Mellon, and Whitney, and supplemented by small-town worthies from the Midwest, found political expression in Eisenhower's party, a formation that survived into the early 1960s. They were temperamentally conservative in the sense of being cautious, but not ideologically driven.

For most of the twentieth century, there was a great deal of ideological diversity within the two major parties. Though more conservative than the Democrats on economic issues, the Republican Party had a liberal wing, just as the Dems had a conservative one. Though it's hard to believe today, when the Republican Party routinely race-baits to win the votes of white bigots, the **GOP** of the 1950s and 1960s often had a stronger civil rights record than the Democrats, because they didn't have a large Southern component. Into the 1960s, the Republicans were frequently stronger than Democrats on civil liberties, too. There had long been far-right tendencies in the Republican Party — most notoriously Wisconsin senator Joseph McCarthy, who ended up disgraced after a wild run in the 1950s but whose obsessions, like hatred of upper-class Harvard-educated liberals, prefigured his modern descendants. But the party was dominated by northeastern **WASPs**. As Taft, a leader of the party's conservative Midwestern wing, put it in 1952 after losing the presidential nomination to Eisenhower, "Every Republican candidate for President since 1936 has been nominated by the Chase National Bank." Chase was a Rockefeller family enterprise, and it was certainly not socialist. But Eisenhower was not a reactionary. As he wrote to his brother:

Should any political party attempt to abolish social security, unemployment insurance, and eliminate labor laws and farm programs, you would not hear of that party again in our political history. There is a tiny

## Predictable mediocrity, the lodestar of the 1950s and 1960s, had given way to the cult of the profit-seeking CEO.

corporation, the extractive private-equity model, and the more exploitative closely held firm that dies with its founder all aim to take out as much money as possible, without much consideration for the future.

*The two-party system* has undergone a remarkable transformation over the past several decades. Once the party of New Dealers and Southern segregationists, the Democrats have evolved into a coalition of the softer side of the metropolitan establishment and a progressive wing the party leadership hates. And the **GOP**, once the party of the northeastern **WASP** elite, has evolved into a coalition of plutocrats and an enraged provincial petite bourgeoisie (often mistaken for the "white working class").

Both transformations can be read as driven partly by circumstances and partly by conscious effort applied to parties themselves. For example, the decline of manufacturing weakened the Democrats' labor base as well as the economic base of the old **WASPs** in the Republican Party. Democrat support for civil rights drove Dixiecrats out, and Richard Nixon's Southern strategy welcomed them into a Republican Party that had once been fairly progressive on civil rights.

hugger talk, and it was largely successful, as the party found popular support among professionals in the nicer suburbs.

Without downplaying the importance of the transformation of the Democrats — always a party of capital that had to pretend not to be one for electoral purposes — it must be said that the change in the **GOP** and the growth of the Right are a far more interesting story, because that's where the organized energy among the bourgeoisie has been for decades.

In *The Paranoid Style in American Politics*, Richard Hofstadter quoted a woman who greeted Dwight Eisenhower's victory over Ohio senator Robert Taft at the 1952 Republican convention by saying, "This means eight more years of socialism." That seemed daft at the time, but now, many Republicans view Joe Biden and Kamala Harris as communists of some sort.

Back in the 1950s, the Right was basically a movement of intellectuals funded by provincial petit bourgeois industrialists — the owners of machine tool makers in Milwaukee and the like. They saw Walter Reuther's United Auto Workers (**UAW**) as socialism on the march, and Eisenhower as too accommodating of it. (Contempt for Eisenhower drove a lot of right-wing organizing in the 1950s.)



1



splinter group, of course, that believes that you can do these things ... [but] their number is negligible and they are stupid.

The business branch of that “splinter group” had a material problem with the Eisenhower-era settlement: General Motors may have preferred life without

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the **UAW**, but it could afford to pay union rates, especially in exchange for labor peace. Smaller fries couldn't. They were caught in the petite bourgeoisie's classic position, squeezed by big labor and big capital. Their freedom was under siege, and they reacted by funding a right-wing insurgency. The John Birch Society was founded in 1958 by the retired **CEO** of a Massachusetts-based candy company, Robert Welch, who'd made a fortune off lollipops and Junior Mints. Welch was rich, but he was no Rockefeller or Mellon.

Three years earlier, William F. Buckley, a few years out of Yale, founded *National Review*, with the mission of “stand[ing] athwart history, yelling Stop,” as he wrote in the magazine's first issue in

November 1955. As incredible as this may sound now, Buckley had trouble raising money for the magazine and needed help from his father, a small-time oil baron. As Buckley later put it, the capitalists didn't seem all that interested in the project of saving capitalism.

Eisenhower's tepidity and compromises energized the Right, whose insurgency was almost Bolshevik in its ideological and organizational discipline. The Bolshevik tendencies were no accident. There were not only intellectuals like James Burnham, a Trotskyist turned cofounder of *National Review*, but important organizers like Clif White and the ex-Communist Marvin Liebman, who consciously emulated Red tactics in organizing their insurgency, from organizational and ideological discipline to how to dominate a meeting. That rigor and energy dismayed and disoriented the moderates, who preferred politeness and compromise above all things.

The Birchite and Buckleyite tendencies would eventually split, sort of — but before they did, they united in their affection for Arizona senator Barry Goldwater as their political avatar. Continuing the provincial petit bourgeois theme, Goldwater was the grandson of the founder of



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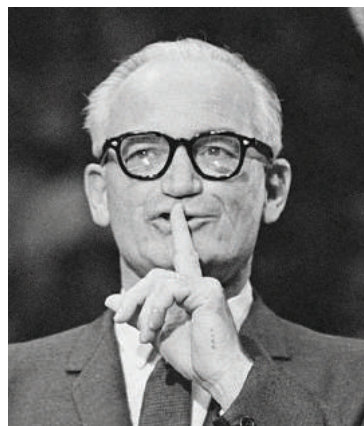
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a five-outlet department store chain based in Phoenix — a flyspeck next to the likes of Macy's. Goldwater — or, more accurately, Goldwater's supporters — launched a bid for the 1960 Republican nomination that failed badly and had victor Richard Nixon betray the Right in several ways, but most visibly with his choice of the Massachusetts aristocrat Henry Cabot Lodge Jr as his vice presidential candidate.

Goldwater tried again in 1964, and though he would eventually be crushed in the general election by Lyndon Johnson,



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the convention that nominated the Arizonan was an important rite of passage for the conservatives. As journalist Murray Kempton put it, “This convention is historic because it is the emancipation of the serfs ... The serfs have seized the estate of their masters.” New York governor Nelson Rockefeller, a leader of the moderate Republican faction whose name embodied the old elite's domination of the party, was shockingly heckled, a sign of the **WASP**s'

1 Giant busts of former US presidents from the closed Presidents

Park in Williamsburg, Virginia.

2 Mt. Rainier seen from the Yakima Valley, Washington.

3 Picket sign outside an event where Robert

Welch was in attendance, circa 1960.

4 F. Clifton White.  
5 James Burnham.



# Eisenhower's tepidity and compromises energized the Right, whose insurgency was almost Bolshevik in its ideological and organizational discipline.

impending decline. The party's transition on race was made crudely clear by insults directed against black attendees — one of whom saw his jacket deliberately burned with a cigarette. Jackie Robinson, who was a delegate, said that the performance made him feel like “a Jew in Hitler's Germany.”

Movement conservatives were undeterred by Goldwater's massive loss and continued with their plot to take over the Republican Party. A year later, Buckley ran for mayor of New York on the Conservative Party ticket, with the conscious aim of drawing enough votes away from

on behalf of the city's powerful real estate industry, reflecting his patrician base. At the time, city policy was several years into accelerating the eviction of manufacturing and working-class housing from Manhattan and replacing it with offices and upscale residences. This was good for financiers, developers, and lawyers, but not for working-class whites — who expressed their resentment by lashing out at blacks and liberals rather than the less visible moneybags.

us food stamps, the Environmental Protection Agency, and a proposal for a guaranteed annual income. Those compromises with liberalism energized the Right the same way Eisenhower's had two decades earlier. (In the brief period when I was a young conservative, I cast my first



presidential vote against Nixon because he was too liberal.) But Nixon provided longer-term assistance to the cause of



the liberal Republican John Lindsay to elect the Democratic candidate, Abraham Beame, and thereby weaken the GOP's left flank. (The contrast with left liberals, who condemn any third-party challenge that might lead their party to a loss, is a vivid symptom of their lack of conviction.) Buckley initially thought he'd harvest votes from the city's WASP elite, but they were put off by his social conservatism. Instead, he tapped into the growing backlash of white ethnics — the people at the end of the subway lines, as future Nixon adviser Kevin Phillips, lead architect of his anti-civil rights Southern strategy, put it. Buckley ended up with 13 percent of the vote — not huge, but a nontrivial amount for a third-party candidate, and a sign of things to come.

Though much of that backlash was driven by race, there was also a class angle that most center-left analysts overlook. Lindsay was a social liberal and very attentive to the concerns of black New Yorkers, but on economic policy, he worked largely



Nixon, elected in 1968, would work similar resentments on a national scale, developing a mass base for conservative politics. But he mostly governed to the left of his rhetoric. His time in office brought

the Republican right with his Southern strategy — appealing to the resentments of white Southerners (and their fellow thinkers in the urban North) over the social gains of black Americans.

6 Barry Goldwater presidential campaign pins, 1964.

7 Barry Goldwater, 1964.

8 William F. Buckley, 1972.

9 Jackie Robinson at a press conference during the

Republican National Convention, 1964.

During Nixon's final years as president, the Right began mobilizing in the extraparliamentary realm as well. Sidney Blumenthal's 1986 book *The Rise of the Counter-Establishment* traces the ascent of the insurgent right's policy infrastructure. The book is a reminder that while capitalists have a gut sense of their class interests, they can't really think in detail about policy. For that, they fund think tanks.

Blumenthal highlights a shift within the capitalist class that led to a change in the political complexion of its hired intellectuals. For decades, the corporate establishment funded the likes of the Council on Foreign Relations (which has, among others, a David Rockefeller room); the Brookings Institution, a hotbed of Democratic centrism; and the American Enterprise Institute (AEI), which is conservative but, as Rockefeller once said, not "far out." According to Irving Shapiro, CEO of DuPont in the 1970s and one of the era's business statesmen, AEI shaped capitalist thought in that decade.

A new cadre of rising Sun Belt entrepreneurs rejected this establishmentarian order, lusting for something more muscular. As Blumenthal points out, many of the nouveaux riches ran their own firms, unlike the old elite, who were the heads of public corporations. To the new class, that traditional order was stagnant. In 1973, beer mogul Joseph Coors founded the conservative think tank the Heritage Foundation, which took some time to get going but eventually became a powerhouse as the Reagan revolution set in.

This new subclass brought a fresh worldview. As Blumenthal puts it, "The Sunbelt entrepreneurs possess neither authority endowed by inheritance nor authority stemming from bureaucratic function. For almost all Sunbelt entrepreneurs, social status is derived entirely from crisp new money." Heritage, the intellectual avatar of this consciousness, spun forth multiple-volume briefings for the Reagan administration, much of which found its way into policy.

But the big capitalists weren't screaming for Ronald Reagan. In Blumenthal's telling, they had to be pulled in

his direction, and the think tanks played an important role in that process. Walter Wriston, the influential chair of Citibank from 1967 to 1984, said that his East Coast business set underestimated Reagan's skills. His crowd initially preferred a more orthodox candidate, like former Texas governor John Connally or George H. W. Bush, for the presidency in 1980. But they came around. David Rockefeller provided the ultimate blessing: "My enthusiasm has grown. I didn't adequately recognize the strength of his leadership." Rockefeller's conversion came about despite the early conservative movement's ire toward his family and institutions like the CFR that it endowed.

Blumenthal's arrivistes held a mix of envy and contempt for the old establishment, resenting its prestige while lamenting its decadence. It's curious how that view still pervades the American right, even though that old establishment is considerably reduced. Equally curious is how its institutions, the Ivy League universities, have become the boutique workshops for producing today's meritocracy. While it's tempting to point only at the Democratic side of that formation — the Clintons, Barack Obama — some of our leading right-populists have a similar institutional pedigree, a formation distinguished by its denunciation of elites. Josh Hawley went to Stanford and Yale Law; Mike Pompeo, Tom Cotton, Ted Cruz, and Ron DeSantis all went to Harvard Law. The former New Right, once the joint project of a rising subclass and movement conservatism, has aged into a game played by cynics.

Blumenthal's account centers on movement conservatism, which the corporate establishment didn't participate in. But it began mobilizing on its own, developing new institutions and reviving older ones to fight the inflation-prone, worker-friendly(ish) Keynesian order and impose what we would later call the neoliberal agenda.

As Benjamin Waterhouse emphasizes in *Lobbying America*, many of the businesspeople who pushed that neoliberal agenda in the 1970s were neither movement conservatives nor self-made

entrepreneurs but career managers. They were often socially liberal. But they objected to the host of new demands coming from women and racial minorities, as well as to the explosive growth in regulation. This strained the accommodation with the New Deal and the Keynesian state beginning in the late 1960s, a discontent that intensified in the 1970s when inflation and fiscal recklessness seemed not like transient problems but the foundations of a new disorder. Deepening the hurt feelings of capitalists was perceived hostility to business in public opinion, popular culture, and, increasingly, among their employees.

The major old-line business lobbies, the National Association of Manufacturers and the US Chamber of Commerce, had lost credibility and power in Washington because of their relentless anti-labor and anti-New Deal stances in the postwar decades, ceding ground to more accommodationist organizations.

It took some time for capital to mount its counterrevolution. Modern business political action committees (PACs) got their start in the early 1960s, but their ranks were thin and their legal status murky until the Federal Election Commission legalized them in 1975. The number of corporate PACs subsequently exploded.

You can't tell the story of the new political consciousness of the 1970s business class without mentioning the Powell Memorandum, named after Lewis F. Powell, then a corporate lawyer and later a Supreme Court justice. Writing to the Chamber of Commerce in 1971, Powell worried about "the Communists, New Leftists and other revolutionaries who would destroy the entire system," but he worried even more about the spread of antibusiness attitudes in previously respectable realms like academia, the media, and churches, and among intellectuals, artists, and even politicians. He lamented the passivity of business in the face of these existential threats and urged a massive ideological mobilization by capital to make a fundamental case for its legitimacy.

While the influence of the Powell memo is sometimes exaggerated, it did



embody the business wisdom of the time and help inspire a quadrupling of the Chamber's membership during the 1970s. Shedding its musty reputation but not its conservative politics, it reinvented itself as a slick, modern organization — but one railing against occupational safety inspectors and environmental regulations. It argued that business had no social responsibility, a position once associated with marginal figures like Milton Friedman, who was himself on the verge of becoming not at all marginal. The resurgent Chamber became an important part of the Right's institutional structure.

But capital was organizing on other fronts as well. The Business Roundtable, made up of the CEOs of 150 large corporations, was founded at a private club in Manhattan in 1973 to fight the antibusiness drift of American politics. But the founding wasn't on the executives' initiative — they needed political actors to organize them, as they often do. When visiting Washington in 1971, John Harper, CEO of Alcoa, was urged by Treasury secretary John Connally and Federal Reserve chair Arthur Burns to form a “nonpartisan” lobbying group for big business as a whole — something that had never existed before. There were specific trade associations but nothing to represent the whole crew. Harper and several colleagues founded the Roundtable in 1973, an early sign that capital was becoming a class “for itself,” one capable of consciously organizing to pursue its own power and interests. It was, unlike the Heritage Foundation crowd, bipartisan, pragmatic, and (by its own imagining) nonideological.

The Roundtable came into being just as the Right was founding its flagship think tanks: Heritage was born in the same year, 1973, and the Cato Institute four years later. For that relatively brief moment — the late 1970s into the early 1980s — productive parallel agitation by the mainstream business lobby and the newly mobilized right would result in moments of political triumph like the appointment of Paul Volcker to the chairmanship of the Federal Reserve and the election of Ronald Reagan as president.

Together, Volcker and Reagan would end the “inflationary spiral” of the 1960s and 1970s and break the economic and political power of organized labor.

*That triumph, however,* would lead to a dissolution of capital's broad political unity. As Lee Drutman shows in *The Business of America Is Lobbying*, his history of the

right at every level of government over the last few years. The family's money comes from control of a private company, Koch Enterprises, with \$115 billion in annual revenues. Were it a public corporation, it would rank around seventeenth in the Fortune 500.

The Koch network organizes regular conferences for the like-minded, where

**This was good for financiers, developers, and lawyers, but not for working-class whites — who expressed their resentment by lashing out at blacks and liberals rather than the less visible moneybags.**

industry, after creating an infrastructure for politicking, the focus of business narrowed dramatically, to sectoral and even firm-specific issues. Its fragmentation was so complete that it was unable or unwilling to mobilize when a posse of hopped-up reactionary GOP backbenchers shut down the government and threatened default on Treasury bonds. In an interview, Drutman explained this silence as a symptom of capital's narrowing field of vision:

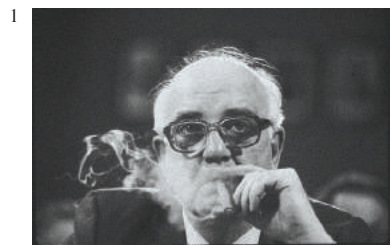
It's a business-wide issue, and they're all looking out for their own narrow interests ... Business rarely lobbies as a whole ... Success has fractured them. When there was a lot at stake, it was easy to unify. They felt like they were up against Big Government and Big Labor. But once you don't have a common enemy, the efforts become more diffuse ... There's not a sense of business organized as a responsible class.

Most of the organizational energy ever since has been on the Right. The most prominent figure in that agitation for decades has been Charles Koch, a rare case of a serious capitalist organizing independently on his class's behalf. Along with his late brother David, Charles has led a small but very rich network of plutocrats who have pushed American politics to the

they raise money and plot strategy, and their tentacles have spread into every state in the country. The circle — now with hundreds of major donors, distributing hundreds of millions of dollars every year — is thick with hedge fund managers and fossil fuel magnates, supplemented by a rank and file drawn from the pass-throughs in the top 0.1 percent. At the summit, financiers like Steven Cohen, Paul Singer, and Stephen Schwarzman — who mostly run their own investment funds rather than working for established banks — were drawn to the enterprise in the early Obama years, fearing he was a reincarnation of FDR about to crack down on their business models. (As it turned out, he never did much more than call them “fat cats” once, a remark many on Wall Street never forgave him for.) They were joined by carbon moguls who were afraid Obama was serious when he said, upon clinching the Democratic presidential nomination in 2008, “this was the moment when the rise of the oceans began to slow and our planet began to heal.” A big portion of the Koch network consists of financiers who own their own firms and not public corporations. They don't like anyone telling them what to do — neither government nor outside shareholders.

Unlike many on the Left, Charles Koch has never seen a contradiction





between electoral work and other organizing. His network showers cash on right-wing candidates up and down the ballot, but it also supports professors, think tanks, publications, and advocacy organizations — all as part of a coherent, long-term, and ideologically rigorous strategy. There's nothing remotely like them in US politics.

That's not to say there isn't some big money on the liberal left — just not as much, and not as ideologically coherent. The closest liberals come is the Democracy Alliance (DA), which was founded in 2005 and gets money from George Soros and other, less famous monied liberals. But it distributed only about \$500 million in the first decade of its existence — less than the Koch network spends on one election cycle. And unlike the Koch network, whose spending is tightly controlled by the leadership, DA members decide where to spend their money.

For Koch, following the model laid down by Friedrich Hayek and his comrades, political ideas have a production



chain. The Mont Pelerin Society, the organization of neoliberal economists convened in a village by that name in Switzerland in 1947 on Hayek's invitation, had a clear conception of how to spread its influence. Peak intellectuals, like Hayek, Ludwig von Mises, Milton Friedman, and other luminaries of the movement, would develop ideas, which would spread down to think tanks, then to politicians and journalists, and finally to the public. (Friedman spanned several levels of the hierarchy at once, writing books and papers that were influential in the economics profession at the same time he lobbied politicians and



wrote a column for *Newsweek*.) As Burton Yale Pines of the Heritage Foundation put it back in the 1980s, "Our targets are the policy-makers and the opinion-making elite. Not the public. The public gets it from them."

One of the principal actors in the Koch family's intellectual production and distribution network has been Richard Fink. Fink, then an NYU grad student in economics, dropped in on Charles one day in the late 1970s and asked for money to found a libertarian institute. Koch wrote him a check, which he used to set up the

Center for the Study of Market Processes at Rutgers. He soon relocated it to George Mason University (GMU), where it became the Mercatus Center. In 1985, the Koch-funded Institute for Humane Studies moved from California to join Mercatus at GMU. This sequence of events transformed a formerly obscure state university in the DC suburbs into the Vatican of libertarian intellectual life. They've reproduced the model at universities around the country, financing institutes and endowing chairs with considerable influence over the direction of research. Unlike many leftists, Koch and co. take academia seriously.



1 Paul Volcker, 1987.

2 Ronald Reagan, 1982.

3 Brookings Institution logos over time.

4, 5 Logos for the US Chamber of Commerce and the Heritage Foundation.

6 Charles Koch, 2015.  
7 Ludwig von Mises.

8 Milton Friedman, 1960s.  
9 Murray Rothbard, 1976.

In a 1996 article, Fink outlined his master strategy: an intellectual economy of producer goods and consumer goods, as in the real economy, reminiscent of the Mont Pelerin structure. The intellectuals, often university-based, are the makers of the producer goods (ideas), which are then transformed into intermediate goods by



think tanks, and ultimately into products for mass application by activists. Or, as Koch himself put it, “libertarians need an integrated strategy, vertically and horizontally integrated, to bring about social change, from idea creation to policy development to education to grassroots organizations to lobbying to litigation to political action.” He’s done a lot to make it happen.

Think tanks are the middlemen in the production and dissemination of ideas. One of the most important has been the Cato Institute, founded in 1977 with Koch money. The name came from Murray Rothbard, the libertarian economist, who emphasized there was nothing “conservative” about the institute’s mission: he



All these Koch-fueled entities — **GMU**, Cato, *Reason* — busily schooled Republican politicians and operatives throughout the 1980s and 1990s on the wisdom of privatization and austerity.

There are other right-wing megadonors, though none with the broad scope

major supporters of the Club for Growth and Scott Walker, former governor of their home state, Wisconsin.

Right-wing funders, led by the Koch network, have created scores of policy outlets around the country. The State Policy Network (**SPN**) has sixty-six affiliates and over eighty associates populating every state but North Dakota. Founded in 1992 by the industrialist Thomas A. Roe, who had set up the first of these think tanks in South Carolina six years earlier on a suggestion from Ronald Reagan (politicians in the lead again!), the **SPN** flock develops policies, disseminates propaganda, and trains personnel to promote “economic liberty, rule of law, property rights, and limited government,” which, in practice, means gutting regulations, cutting taxes and services, privatizing public schools and pension systems, and destroying unions.

## Unlike many on the Left, Charles Koch has never seen a contradiction between electoral work and other organizing.

dismissed conservatism as “a dying remnant of the ancien régime ... ineluctably moribund, Fundamentalist, rural, small-town, white Anglo-Saxon America.” For Rothbard — like Koch and Cato — libertarianism is a revolutionary doctrine. Koch money also funded the Reason Foundation, best known for its eponymous magazine. *Reason* was founded by a Boston University student in 1968 and published out of his dorm room in its early days. A decade later, Charles Koch agreed to finance it if it remained “uncompromisingly radical.”

and vision of Koch. Hedge-fund billionaire Robert Mercer, who was originally part of the Koch network and then went off on his own, was a major funder of the Trump campaign and the Breitbart News operation. Another striking pair of characters is Richard and Elizabeth Uihlein. Richard inherited a bunch of Schlitz beer money and then built a second fortune in the Uline packaging business. They support media, like the *Federalist*, and candidates that some on the Right find a little hot to handle, like Roy Moore, the Alabama judge with a taste for teenage girls. They’re also



10 Friedrich Hayek, 1960.  
11, 12 Logos for the Cato  
Institute and the

American Legis-  
lative Exchange  
Council.

13 Stephen  
Schwarzman,  
2016.

14 The CEOs of  
JPMorgan Chase,  
AT&T, and the  
Boeing Company

participate in a  
business round-  
table discussion,  
2018.



Closely associated with the **SPN** is the American Legislative Exchange Council (**ALEC**), which shares funders and priorities but operates at the political ground level, writing bills and lobbying legislators. Since state and local governments often function in obscurity, with part-time legislators and thin staffs, having prewritten bills and trained politicians is a vital lubricant for the right-wing agenda. Aside from the usual right-wing funding sources, **ALEC** also draws from a wide variety of business interests, often by offering their assistance on a specific policy issue and then bringing the firms more permanently into the fold.

It's an impressive network, running from the Oval Office all the way down to places like Schoharie County, New York, where a Mercer-funded think tank has been agitating. It's been crucial to Republican control of statehouses across the country, influencing the shape of Congress because of their jurisdiction over districting and electoral law.

Despite this power, the Right has never achieved political hegemony, nor have its business patrons achieved economic hegemony. The Koch network is rich, but its wealth pales next to the Fortune 500's cash flow. One way to make this point is to poke about their think tanks, where money is made into policy. There's a decided lack of big names.

## Despite this power, the Right has never achieved political hegemony, nor have its business patrons achieved economic hegemony.

The board of the Cato Institute, despite its ties to the Koch world, is heavy with second-tier and third-tier capitalists—the chair of something called **TAMKO** Building Products, a Missouri-based firm; a managing director with Susquehanna International Group, a money management firm based in Bala Cynwyd, Pennsylvania; and the former owner of the Tennessee-based Young

Radiator Company. Koch aside, it's light on seriously elite connections.

As is the Heritage Foundation. Its president, Kay C. James, was previously a dean at Regent University, the school founded by televangelist Pat Robertson. Another link to the educational right is board member Larry Arnn, president of Hillsdale College, a deeply conservative institution that takes no federal cash so Washington can't tell it what to do. Other trustees include a corporate headhunter with two degrees from Baptist colleges; a real estate developer and chair of a food service company, both of which almost no one has heard of; the chair of a small maker of wearable biosensors; the head of a small private equity firm; another **PE** guy who advertises himself as “a life member of **MENSA** and the **NRA**”; and “one of America's leading authorities on the development of human potential and personal effectiveness.” Its major funders contain few recognizable names outside standard right-wing circles (Bradley, Coors, Scaife, Walton). Its lower order of funders includes some big names—ExxonMobil, **GE**, Google, Visa—but they're greatly outnumbered by much smaller ones.

Contrast this with the centrist Brookings Institution, whose board includes ambassadors from Goldman Sachs, Deutsche Bank, **TD** Bank, Duke Energy, and

the importance of diversification. Or take the Clintonite Dems' favorite think tank, the Center for American Progress, which has a “Business Alliance”—price of admission: \$100,000—that includes Comcast, Walmart, **GM**, **GE**, and Boeing.

But their relatively inferior class status still hasn't stopped the Right from winning lots of fights. As Blumenthal pointed out, the businessmen around Reagan were not heavyweights; they brought us Duracell batteries, the Diners Club credit card, and Lassie—two second-tier brands and a defunct fictional dog. Despite that light footprint, their intense organization and commitment have allowed the Right to punch way above its weight. These intrepid capitalists served as an avant-garde for their larger, more cautious comrades. It's a messy business, cutting taxes and regulations.

Another dimension of the Right's influence is what it does to the respectable left. As Thatcher adviser Sir Alan Walters told me at a conference twenty years ago, the Iron Lady's most lasting achievement was her transformation of the Labour Party, which had ceased to stand for much. Something analogous happened with the post-Reagan Democratic Party, which has played an enormous supporting role in the organizational and ideological collapse of New Deal/Great Society liberalism. The party turned its attention away from the urban working class (which was savaged by deindustrialization) and toward professionals in the suburbs. But you would never characterize this formation as brimming over with political or intellectual passion of any sort.

*Trump is thankfully* a fading memory, but his relation to the right-wing counter-establishment is worth a closer look. Most weren't all that interested in him; he certainly served part of their agenda, but the economic nationalism bothered these apostles of the free movement of goods, capital, and labor. An exception was Robert Mercer, the hedge fund billionaire famous for Cambridge Analytica (which turned out not to be some **AI** Svengali but rather a bit of a fraud), who

Young & Rubicam. Its top funders include the Gates Foundation, the Hewlett Foundation, the Carnegie Corporation, the Rockefeller Foundation, Comcast, Google, JPMorgan Chase, Chevron, ExxonMobil, Shell, Time Warner, Toyota, **AIG**, and the governments of Japan, Qatar, and the United Arab Emirates—and even the libertarian would-be secessionist Peter Thiel, who, like any big investor, knows

threw Trump some money and brought Steve Bannon and David Bossie — the head of Citizens United, who mounted the famous legal case that opened politics to vast and secretive funding — into his orbit. Bannon and Bossie gave Trump, never much on political philosophy, some right-wing ideology (notably “America First nationalism”) and connections. The Koch set at first kept their distance from the new administration. But they did have an in through Marc Short, Mike Pence’s chief of staff, who headed a Koch front group called Freedom Partners from 2011 to 2015. Trump — or, given his ignorance of policy, more likely Pence — soon turned to the Koch network for advice on staffing his new administration.

A well-organized force is ideally suited to fill a vacuum. The Koch touch was most visible in energy and environmental policy, but they had personnel placements elsewhere as well. Former CIA director and secretary of state Mike Pompeo was once known as “the congressman from Koch” when he represented the Wichita area in Congress from 2011 to 2016. Earlier, he had a business career in that city that was partly funded by Koch Industries.

The network’s influence extended to informal advisers as well. Trump took advice on energy from pals like fracking magnate Harold Hamm, whom Jane Mayer described as a “charter member of the Kochs’ donor circle.”

The Kochs won some victories in the Trump era: a generous loosening of energy and environmental regulation, friendly court appointments, and fat tax cuts. But they never did repeal Obamacare, and the tariffs and immigration restrictions were major losses. Trump’s rhetoric about immigration and Muslims were among the reasons Charles Koch refused to endorse him. Much of corporate America wasn’t happy with that part of Trump’s agenda either, but they were too happy with their tax cuts to do much about it until the Capitol riot.

But a new class fraction did find expression in, or at least had affinities with, the Trump administration. As I

argued above, the business coalition that came together in the 1970s to lobby for deregulation and tax cuts largely dissolved as a united force when it got what it wanted. Rather than a broad agenda, the business lobby narrowed to focus on sectoral and individual corporate interests. The Chamber of Commerce, though purporting to speak for business in general, came to rent itself out to specific clients, often unsavory ones. Big capital is socially liberal — or it pretends to be. It has no interest in the Christian right’s moral agenda, nor is it nativist. Almost every Wall Street and Fortune 500 company has a diversity department, handling everything from anti-racist training sessions to the corporate float for the annual **LGBT** pride parade. Their worldview is little different from Hillary Clinton’s — but they’re not passionately engaged in politics. They write checks, but profits are high, and the tax rate they paid on those profits over the last few years was the lowest it’s been since the early 1930s.

They’re layabouts compared to the class fraction I’m describing, a gang made up of the owners of private companies as opposed to public ones, disproportionately in dirty industries. The financier wing comes largely out of “alternative investments,” hedge funds and private equity, not big Wall Street banks or Silicon Valley **VC** firms. Most alternative investment operations are run as partnerships with a small staff, often under the direction of a single figure. Collectively, they look like freebooters more than corporate personalities, and asset-strippers more than builders, be it natural assets in the case of the carbon moguls or corporate assets in the case of the **PE** titans. Trump himself ran a real estate firm with a small staff and no outside shareholders. Like a private equity guy, Trump loaded up his casinos with debt and pocketed much of the proceeds.

The prominence of private ownership is striking, and it’s politically reactionary. Lately, institutional investors have been lobbying for some action on climate — not profit-threatening action, of course, but something. Central bankers are starting to make similar noises; they’re increasingly

worried that a financial system reliant on carbon assets (which could easily collapse in value when they’re recognized for the climate-killers they are) might run into serious trouble. Since they have no outside shareholders, the Kochs and Hamms of the world are spared having to listen to this chatter.

This alliance between the private corporate form and political reaction is a reminder of Marx’s observations on the topic. He described the emergence of the corporation, with its separation of ownership and management, as “the abolition of the capitalist mode of production within the capitalist mode of production itself, and hence a self-abolishing contradiction.” Workers could hire managers as easily as shareholders, or maybe perform the task themselves. The stockholder-owned public corporation was a stepping-stone to a truly public entity. Short of that ambition, public firms are more transparent and subject to outside pressure than those controlled by a small, secretive circle of owners.

But, as we’ve seen, such owners have proven highly capable of organizing as a political force. Corporate America isn’t averse to working with Koch organizations. Exxon and Microsoft worked with the Koch-heavy Citizens for a Sound Economy to push very specific agendas. But these are usually temporary, targeted crusades; none have the durability and ubiquity that the Koch agenda itself has. And that agenda has a substantial toehold on state power.

Returning to the theories of Nicos Poulantzas, while there are often divisions within the capitalist class, its predominant bloc organizes a “general interest.” The contradictions remain, but the hegemonic fraction creates sufficient consensus to rule by universalizing its worldview as part of its dominance (or, as Marx put it in a classic formulation, “the ideas of the ruling class are in every epoch the ruling ideas”). That kind of consensus seems to be missing in US politics in recent decades, a point that became very clear during the Trump era. The corporate and financial establishment, initially suspicious of rule



# Making revolution against the ruling class, however, is a hell of lot harder than making a revolution within it.

by such a volatile incompetent, never tried to rein him in. He was never interested in a universalizing rhetoric, as Poulantzas's hegemonic fraction is supposed to be. Instead, he stoked division almost every time he tweeted.

Within the **GOP**, the petit bourgeois mass base — the car dealers and accountants — is in conflict with its big business wing, and neither can gain political or ideological hegemony over the whole society. (That intraclass conflict became sharp and visible during Trump's second impeachment hearing.) The Democrats, for that matter, look divided between the old centrist **DLC** faction — tied to parts of Wall Street and big capital, represented by Biden — and a younger, more leftish, and more energetic activist wing. It's much easier to imagine (to take some names from the fuzzy past) Everett Dirksen and Lyndon Johnson coexisting in the same universe than to picture Marjorie Taylor Greene and Ro Khanna as colleagues in governance. Until the 1990s, the federal government never shut down for any length of time because of the inability to pass a proper budget; since 1995, the US government has shut down to a significant degree five times, for a cumulative total of eighty days, and political leaders openly suggested that a default on Treasury securities might be a salutary measure. There's something fractured in a state that engages in periodic shutdowns.

Bourgeois pundits often lament "divided government" and the inability to compromise, which they attribute to partisanship or bad temperaments. A more fundamental reason may be that no fraction of capital, neither the older centrist kind nor the upstart right-leaning kind, is able to achieve hegemony. The Right has considerable strength at elite levels, but in the popular realm, it's only the Electoral College, voter suppression, and aggressive gerrymandering that keeps it electorally competitive. Its position is greatly aided,

however, by the deep weakness of more centrist forces, who lack serious intellectual or political energy. As the Right discredits itself with ludicrous attacks on the Capitol and farcical QAnon conspiracies, the center-left is feeble. The geriatric nature of the mainstream Democrat leadership is a sign of exhaustion. We're a long way from when **DLC**-style politics, as terrible as they were, had at least the superficial appeal of novelty. Now we've got the No Malarkey Express parked in the Oval Office.

Elite division looks to be in stark contrast with the coherence and breadth of the **WASPs**, a relatively narrow, homogenous owning class bound by inherited wealth that married out of the same mating pool; went to the same schools; belonged to the same clubs; owned a lot of capital; ran the major industrial companies, law firms, and banks; ran major educational institutions like prep schools and universities; ran major cultural institutions like universities and museums, as well as the philanthropies that shaped social thought and cultural life; and defined the limits of liberal politics. **WASPs** also populated government, like C. Douglas Dillon in the Treasury or Dean Acheson at the State Department or Nelson Rockefeller as the governor of New York. We shouldn't be nostalgic for them; they were often deeply racist and driven by notions of the "white man's burden." But they had a unity and authority that our current rabble of grifters and parvenus lacks.

That stratum's leading analyst, the sociologist E. Digby Baltzell (himself a product of Philadelphia's Main Line) thought a society like ours needed an authoritative elite of the sort his brethren once were. As he put it:

[U]nfortunately success is not synonymous with leadership, and affluence without authority breeds alienation ... the inevitable alienation of the elite

in a materialistic world where privilege is divorced from duty, authority is destroyed, and comfort becomes the only prize ...

The essential problem of social order, in turn, depends not on the elimination but the legitimization of social power. For power which is not legitimized tends to be either coercive or manipulative. Freedom, on the other hand, depends not in doing what one wants but on wanting to do what one ought because of one's faith in long-established authority.

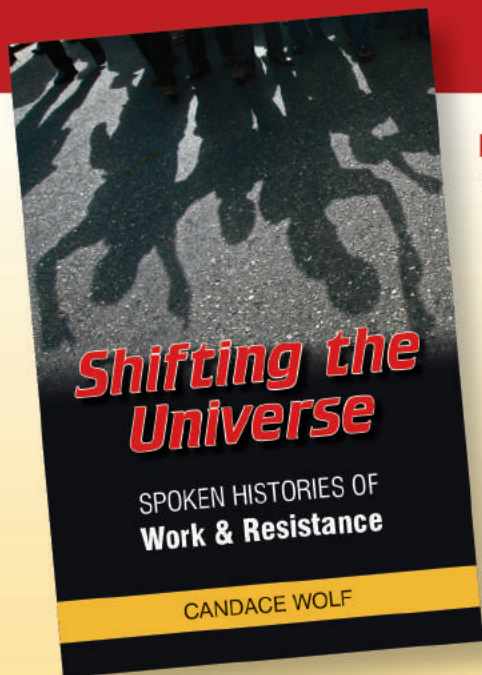
For those of us who believe in democracy, this is an unacceptably hierarchical view of society. But in a society like ours, one deliberately structured to magnify elite authority and limit the power of the horde — if you don't believe me, check out Federalist No. 10, in which James Madison makes it quite explicit his constitution was designed to do just that — the quality of governance depends profoundly on the nature of that elite. Our contemporary pack of plutocrats and scammers looks incapable of legitimization or coherent rule — and it appears to be nowhere near up to the challenge of climate change. Maybe Biden's top economic adviser, Brian Deese, who came to the White House after handling **ESG** issues for BlackRock, will organize his class buddies into a significant force on addressing climate, but Larry Fink's objections to Biden's early executive orders suggest he'll have quite a task on his hands. And that's before the Koch network and the Freedom Caucus have gone to work.

Alas, it must be conceded that, until the bonds of that constitution are broken and something approaching a real democracy is instituted, Baltzell has a point about how the loss of ruling-class authority — a legitimization crisis — might lead to social tensions and disorder. With the center so weak, it does present an opportunity for the organized right to make gains — but it presents an opening for the Left, too.

Making revolution against the ruling class, however, is a hell of lot harder than making a revolution within it. ■

# Socialism Is Better Books

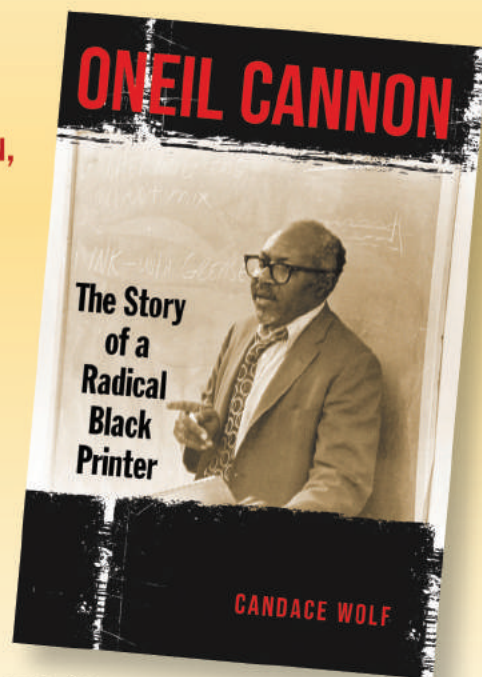
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**HEREIN ARE THE NARRATIVES, IN THEIR OWN, UNFILTERED WORDS, OF A WIDE COLLECTION OF WORKING PEOPLE** from the Coal fields of West Virginia to the Amazon Rain Forest; from the cotton mills of the Nile valley, to the streets of New York City. Factory workers, anti-war puppeteers, anti-war mutineers, strikers and organizers, fisher folk and seed protectors, Cuban surgeons and a humble road builder—they share the stories of their work, and of their resistance to the oppression of the bosses and imperialism. They tell the tales of their daily labor and their brilliant strategies and struggles in the class war against injustice and oppression.

## **FIRSTHAND RECOLLECTIONS OF THE LIFE OF ONEIL CANNON,**

the Black communist who challenged the segregated printers' union in Los Angeles and became its first Black member. Still denied work, his print shop became a headquarters for community activism in South Central L.A.; he founded the Paul Robeson Center; helped bring a college to South Central; and mentored many activist leaders, youth, and Central Americans who had fled death squads in their home countries. Oneil was a printer for the movement, a teacher of printing and Marxism, and an activist in the long struggle in South-Central Los Angeles to overcome racist neglect and racist policing. Oneil's story is told in his own words, the words of his family, and the words of his comrades. This is the untold history of a Black communist, the grandson of slaves, a rebel against white supremacy in Louisiana and in the U.S. Army. And a man beloved by the children of two marriages and the family of comrades he gathered around him who cherish his memory and the effect he had on their lives.



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ILLUSTRATION BY EMILY HAASCH



*After the upheavals of the 1960s, business leaders were losing control. They fought back through the Chamber of Commerce.*

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# The Political Wing of American Capital

**I**N THE SUMMER OF 1976, the forces of American business announced a new supergroup, bent on political domination. Two long-established organizations, the US Chamber of Commerce and the National Association of Manufacturers (NAM), would pool their strength to form the National Association for Commerce and Industry, following in the footsteps of the AFL-CIO, two previously quarrelsome labor federations that had merged twenty-one years earlier.

At long last, corporate leaders crowed, business could fight back against the supposed onslaught of anti-business policies that were destroying the nation.

If you've never heard of the National Association for Commerce and Industry, that's because it never actually came into being. Although there was a raucous coming-out party invested with high hopes,

irreconcilable differences between the two constituent organizations ultimately scuttled the merger. One problem was size: with a membership of one hundred thousand firms, local chambers of commerce, and affiliated trade associations, the US Chamber of Commerce dwarfed the thirteen-thousand-member NAM.

Another was strategic: while the NAM focused on organizing manufacturers, the Chamber of Commerce cast a wider net. Its goal, ever since its 1912 founding, had been to unite and express the entire "voice of business" — from heavy industry, to professional and financial services, to mom-and-pop stores on Main Street. Faced with a choice between unifying the political arm of American business and maintaining its institutional autonomy, the NAM's board of directors opted for the latter.

By Benjamin C. Waterhouse

*The president of the Chamber claimed in 1976 that there was a*

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## Fighting Back

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**B**UT THE STORY OF THE MERGER that never was tells us a lot about how economic elites wield political power. The plan to combine the NAM with the Chamber of Commerce sprang from a real sense that business was on the defensive politically. The president of the Chamber, Richard Leshner, claimed in 1976 that there was a “growing bias in this country against the private sector.”

Business leaders in the 1970s desperately wanted greater political influence, but they weren’t sure how to achieve it. In order to join forces, they would have to overcome divisions over size, sector, and competitive needs, defining “business” as a cohesive entity against a common foe. And the path to achieving that unity wasn’t easy or obvious.

Even though this particular attempt at broad-based mobilization came up short, it signaled the deep commitment of business leaders to assert themselves in the political arena. It was merely one episode in a much

longer process that identified the 1970s as a turning point in the history of corporate power.

Faced with stagflation, weak productivity, and labor unrest, not to mention a wider sense of political and cultural malaise, business reinvented itself in national politics. With the US Chamber of Commerce in the lead, corporate leaders and their political allies set the stage for decades of corporate political activism that have recast the modern economy.

Today, most people know the Chamber of Commerce as the country’s largest business organization, a Washington behemoth that spends hundreds of millions of dollars lobbying to shape regulatory, tax, and labor policies in favor of the corporate elite. Considering the group’s outsize presence in national politics, it might be natural to assume that the Chamber — and business in general — wields that power naturally, easily, even automatically. In a capitalist political economy, after all, capitalists tend to write the rules of the game. But the Chamber’s history reveals a different picture.

*“growing bias in this country  
against the private sector.”*

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## From Taft to FDR

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**T**HE CHAMBER OF COMMERCE was a product of the Progressive Era of the early twentieth century. Confronted with a newly industrial and urbanized mass economy, Americans responded by establishing a range of organizations, from labor unions and reformist political parties to professional and industry-specific associations like the NAM.

For many business leaders, the burgeoning industrial economy created both organizational and political problems. On the one hand, rapid corporate growth gave rise to a deluge of data for them to sort through. On the other, popular movements for workers' rights, anti-monopoly reform, and health and safety regulation created new pressures and costs.

In response, the Taft administration proposed the formation of a national, pan-industrial organization that would unite the business community, and also act as a source of statistics and analysis for legislators to use when formulating policy. In April 1912, hundreds

of delegates from state and local business associations convened at William Howard Taft's behest and officially inaugurated the US Chamber of Commerce.

In its early years, the Chamber established itself as “the most successful national association of the Progressive Era,” in the words of historian Robert H. Wiebe. Far from being anti-statist, the group actively supported the launch of the Federal Trade Commission, believing that government policy should foster a competitive but fair business environment and a stable, predictable economy. It backed Depression-era economic planning initiatives like Franklin Delano Roosevelt's National Recovery Administration on similar grounds.

However, when Roosevelt turned to the left, embracing labor rights and social security in 1934–35, the Chamber linked arms with the more virulently right-wing NAM in a campaign “to end the New Deal.” It maintained a hard line on labor power during and after World War II, helping lead a ten-year fight to roll back labor's gains that resulted in the 1947 Taft-Hartley Act.



## On the Outside

**T**HE CHAMBER'S RABID HOSTILITY to trade unions sapped its political capital, however, especially as the postwar conservative wave crested, with business and labor settling into an uneasy truce. Although union agitation continued in the postwar period, the vicious political battles and strikes that had characterized the 1930s and '40s no longer dominated national politics. Business groups like the Committee for Economic Development — more cerebral, elite, and wonkish than the Chamber of Commerce — wielded greater influence with the Eisenhower and Kennedy administrations by coming to terms with the post-New Deal, Keynesian policy consensus.

The Chamber of Commerce found itself on the outside looking in. In 1969, political scientist Lewis Anthony Dexter anatomized Washington's leading power brokers and found that someone would note "in almost every conversation I have ever had" how ineffective the Chamber was at exercising influence.

The low point of the Chamber's political clout came at a time of growing anxiety among many American

business leaders. Civil rights and antiwar protests sparked a broader cultural assault on "the Establishment," including businesses large and small. Starting in the mid-1960s, opinion surveys revealed a precipitous drop in public confidence that corporate leaders would "do the right thing" or "serve the public interest." As one CEO in an anonymized study observed: "Public acceptance of business has reached its lowest ebb in many a generation."

A panoply of new consumer-, labor-, and environmental-protection laws compounded the feeling among business leaders that the American public was hostile to their interests. It wasn't simply the direct cost of complying with fresh regulations that troubled them. One Chamber of Commerce leader, Clinton Morrison of the First National Bank of Minneapolis, suggested that bodies like the Environmental Protection Agency (EPA) and the Occupational Safety and Health Administration (OSHA) went against the spirit of free enterprise, reflecting "a belief that it is better for some central authority to plan for us than for us to plan for ourselves."



## The Golden Age Ends

**E**CONOMIC WOES COMPOUNDED this crisis of confidence for American business. The 1950s and 1960s had been a “golden age” of US capitalism, marked by rapid economic growth, rising wages, and lower levels of inequality. Corporations grew larger and seemingly more stable: giant conglomerates appeared to have dodged the perils of the business cycle by skillfully reallocating their resources as markets changed.

Yet even during the boom times, small and midsize companies had felt the pinch from more monopolistic competitors. The new regulatory regime of the late 1960s exacerbated such imbalances, since larger firms were better able to absorb the costs of compliance than their smaller counterparts. Significantly, however, small business owners no longer directed their grievances against large firms, as their forerunners had done in the Progressive and New Deal periods. Instead, they joined forces with giant corporations in fixing the blame on Big Government and Big Labor.

As the 1960s drew to a close, the postwar economic boom looked to be in trouble. Foreign competition, especially in manufacturing sectors, threatened the dominant position of US firms and the balance of international trade. Productivity growth fell, and inflation rose. In 1970, the chief economist of the Chamber of Commerce, Carl H. Madden, told Congress that the United States

was “not nearly so affluent as some have appeared to believe,” in spite of “loose rhetoric” by liberal policymakers. He claimed that rampant federal spending had left an “unhappy legacy” behind, with “unrealized full-employment budget surpluses, escalating government deficits, and accelerating inflation.”

Chamber of Commerce leaders — like many of their fellow businesspeople — grew ever more convinced that the dominant trends in American culture and politics were stacked against them. Of course, that conviction flew in the face of reality. While the interests of state agents and economic elites may have sometimes clashed, as different sectors and industries competed for government largesse, the state continued to promote the overall requirements of capital.

At the same time, there’s nothing unusual about the idea of business leaders complaining about the government’s attitude toward them. As the historian Lawrence B. Glickman has recently shown, ever since the New Deal, conservative politicians and business owners have raised the banner of “free enterprise” to campaign against state intervention in the economy. What was significant about the early 1970s was not the fervor of the complaints from business; rather, it was the ability of the complainants to secure real institutional change and results. The Chamber of Commerce led the way.

*They would have to overcome divisions  
over size, sector, and competitive  
needs, defining “business” as a cohesive  
entity against a common foe.*

*When Roosevelt turned to the left, the Chamber linked arms with the more virulently right-wing NAM in a campaign “to end the New Deal.”*

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## Throwing Down the Gauntlet

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**A**N EVENT THAT SOON became legendary — even notorious — in the history of business-government relations kick-started the Chamber’s political reinvention. In August 1971, future Supreme Court justice Lewis F. Powell Jr drafted a strategic memo for the Chamber of Commerce at the request of his friend Eugene B. Sydnor Jr. Powell was a well-connected corporate lawyer from Richmond, Virginia, who had served as president of the American Bar Association; Sydnor, who owned a chain of department stores, also directed the Chamber’s Education Committee. He hoped that Powell would supply the necessary gravitas to persuade his colleagues at the Chamber that deliberate, concerted action was now essential to confront the challenges facing US business.

Powell’s memo, which bore the ominous title “Attack on American Free Enterprise System,” argued that a wide range of forces had lined up against business and capitalism itself. In Powell’s view, anti-corporate economic policies — regulations, labor law, inflationary deficit spending — all stemmed from a broader cultural disease. The political strategy of American business thus had to confront the problem of its public image head-on. Though many business groups could help defend the good name of free enterprise, no other organization was “as well situated as the Chamber” to spearhead the effort.

Initially, the Powell memo was an “eyes-only” document for higher-ups at the Chamber of Commerce, who shared it with their allies at conservative think tanks and trade associations. However, *Washington Post* columnist Jack Anderson brought it to public attention in September 1972, by which time Richard Nixon had appointed Powell to the Supreme Court. Anderson described the memo as “a blueprint for an assault by big business on its critics.” In the intervening decades, the notion that Powell single-handedly engineered a “corporate takeover” of American politics has remained a popular, if exaggerated, view.

If we were to see the Powell memo as a dark conspiracy to subvert American democracy, that would obscure several important lessons. For one thing, this drive to rehabilitate the good name of “free enterprise” was conducted in public view. The memo had a wide readership in conservative circles, before and after Anderson’s exposé, and its key arguments became standard talking points — often quoted verbatim — for policy meetings, fundraisers, and political campaigns. As the legal scholar Steven Teles has argued, Powell directed a spotlight toward the judiciary and the supposed role of legal liberalism in perpetuating anti-business bias. In response, a conservative legal movement took shape, altering law-school curricula and creating national organizations like the Federalist Society.





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## “Selling the American Way”

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**J**UST AS IMPORTANT, THE MEMO prompted the Chamber of Commerce to restructure its own operations. In 1972, the organization set up a Committee to Interpret Business, declaring that “selling the American way to the American people” had to become “the NO. 1 priority for the nation and the business community.” (In its clunky way, the Chamber meant “interpret” in the sense of “translate to others.”) It also created a number of affiliated groups under its wider umbrella.

These included a think tank called the National Chamber Foundation, which conducted research, in the words of Thomas Donohue, who became Chamber president in 1997, on “the stability of the enterprise system.” A “grassroots lobbying” group called Citizen’s Choice sent out legislative updates, newsletters, and action alerts through the Chamber’s national networks. Perhaps most influential was the National Chamber Litigation Center, founded in 1977 to pool corporate resources in order to defend companies facing legal action over workplace safety, equal-opportunity legislation, and antitrust rules.

Finally, the Chamber took Powell’s advice to reorganize itself internally, the better to coordinate political action. For the first sixty years of its existence,

the Chamber’s president had been a prominent business owner or executive who served a one-year term, chiefly as a spokesperson. In 1974, the group centralized its leadership by appointing a full-time, permanent president.

The first person to hold that office was sixty-seven-year-old Arch Booth, who had been the highest-ranking permanent staff member at the Chamber of Commerce for twenty-five years. Known as a tightfisted manager who strictly controlled day-to-day operations, Booth embodied the “old Chamber” — traditional, conservative, and buttoned-up, but disinclined to get into the political ring.

In 1975, the arrival of a new president, Richard Leshner, uprooted that culture and set the Chamber on course to translate Powell’s memo into practice. A former business-school professor with a PhD in business administration, Leshner had been an administrator for NASA and president of an industry-funded research institution focused on industrial waste. Just forty-one years old when he assumed office, Leshner brought youthful energy as well as academic, government, and private-sector experience to the project of reinvention.

*Leshner even claimed that  
the EPA “has the  
power to destroy a city.”*



## Media Matters

**A** TECHNOLOGICALLY SOPHISTICATED media operation lay at the heart of Lesher's vision. In the late 1970s, the Chamber launched a satellite-based American Business Network, linking together local and state chambers of commerce and offering specialized programming and videoconferencing. Its centerpiece was a weekly half-hour debate program called *It's Your Business*, moderated by Lesher himself.

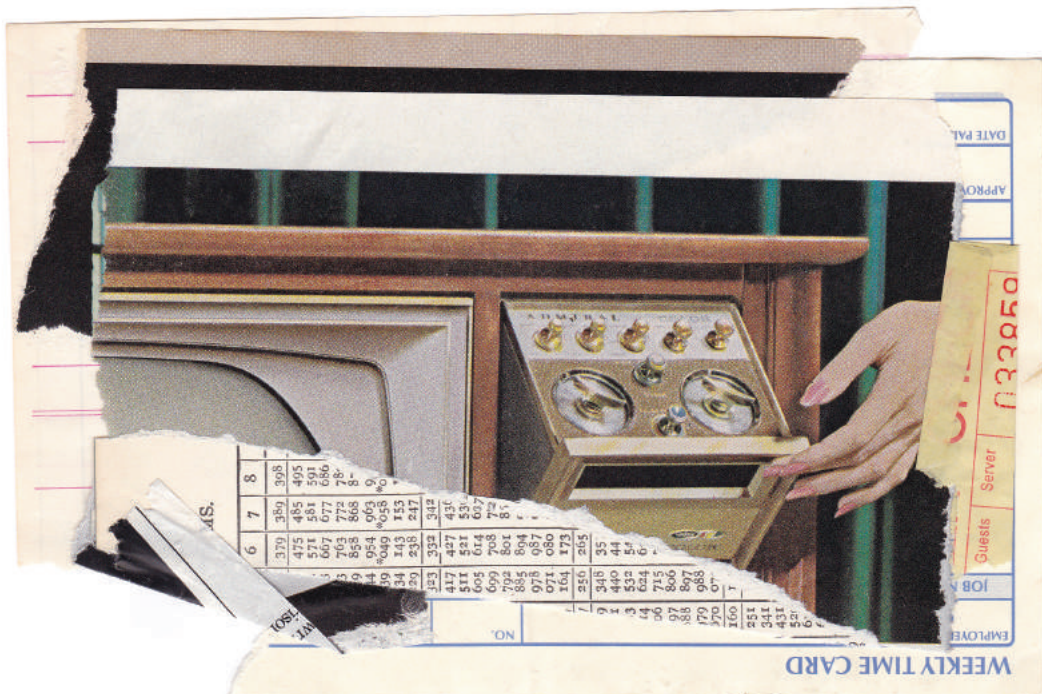
As cable TV spread in the 1980s, the Chamber expanded its pro-business public outreach effort. A two-hour morning program of business news, *Nation's Business Today*, began airing on ESPN in 1985.

The public-communications revival helped fuel institutional growth at the Chamber. As well as taking on new permanent staff to run the multimedia communications network, Lesher expanded the group's sales force and aggressively courted new member companies, local chambers, and trade associations. In response, membership had doubled to more than two hundred thousand

by the early 1980s. Membership came with a subscription to the print magazine *Nation's Business*; increased readership boosted ad sales, which in turn led to higher production values and more influential reporting.

Richard Lesher's organizational and spiritual revival at the US Chamber of Commerce mirrored a pattern of mobilization across American politics in the 1970s. Like many New Right organizations, the Chamber combined a focus on sophisticated communication technology with the unapologetic embrace of conservative viewpoints.

Young leaders like Lesher rejected the idea that business should make peace with New Deal liberalism. Instead, he tapped into anti-statist rhetoric to make the case for an unfettered economy. "Did you know," he railed at a stump speech delivered all over the country in 1975, "that agents of the Occupational Safety and Health Administration can raid a place of business any time they want?" Lesher even claimed that the EPA "has the power to destroy a city."





*“Business people are increasingly recognizing the need for both legislative*

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## Turning the Tide

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**T**HE REINVIGORATION of the Chamber of Commerce as a messaging machine was critical to its on-the-ground political successes. With more members and a higher national profile, the Chamber had greater resources available for lobbying and political campaigns. From the mid-1970s, organized influence-peddling by business associations — including not only the Chamber of Commerce but also the NAM and a new group, the Business Roundtable — had begun to change the face of national politics. *Business Week* magazine hailed the arrival of a “potent new business lobby.”

“Business people are increasingly recognizing the need for both legislative and political action at the grass roots — and improving their effectiveness at both,” the Chamber of Commerce boasted in 1980. During the Carter administration, “business people had proved to themselves and others what they could do.” In the 95th Congress (1977–78), the Chamber had targeted 107 policy issues, claiming victory on 65 percent, with only 12 percent chalked up as losses, and split decisions accounting for the rest.

Two of the most important victories came through campaigns against comprehensive labor-law reform and a movement led by Ralph Nader to create a federal consumer protection agency. A potent combination of “grassroots” pressure — which involved mobilizing constituents to call or write to their representatives — and direct lobbying had turned the legislative tide against liberal reform. This achievement paved the way for deregulation, regressive taxation, and increasingly weak labor and antitrust policies in the 1980s.

In an equally significant development, the revived Chamber of Commerce had now inserted itself clearly and permanently into the electoral process. Through its political action committee, the National Chamber Alliance for Politics, the group worked “to elect leaders who will further advance the nation’s economic interests.” Its support played a vital role in securing Republican gains, first in the midterm elections of 1978, then in the triumphant year of 1980, when the GOP captured not only the presidency but also, for the first time since 1954, the Senate.

*and political action at the grass roots — and improving their effectiveness at both.”*

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## Hearts and Minds

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**I**N SUBSEQUENT DECADES, the Chamber of Commerce has become a linchpin of business lobbying and the political economy of modern neoliberal capitalism. Lesher embraced Reagan’s “supply-side” tax cuts for the wealthy, even though many corporate CEOs, including Chamber leaders, feared that they would explode the budget deficit. (They did.) In the 1990s, the group lobbied hard for NAFTA and against universal health care. When Lesher retired as president in 1997, his successor, Donohue, tightened his control over the Chamber by serving as both president and CEO. Suzanne Clark succeeded Donohue as president last year and became CEO in March 2021.

Under Donohue’s leadership, the Chamber cemented its position as the preeminent lobbying and

campaign-finance organization in the country. Under Clark’s, it will continue to articulate the “voice of business,” dividing up policy choices on Manichaean lines, between those that favor and those that hinder what it believes is “free enterprise.”

The Chamber has long since learned the key lesson of the 1970s: economic power and political power are intimately linked. Ultimately, a formal merger like the one some NAM and Chamber executives dreamed of forty-five years ago proved unnecessary. In America, the ruling class rules by controlling not only the levers of power but also the broader public sphere. In that ceaseless battle for the hearts and minds of the American public, the US Chamber of Commerce finds its strength. ■

# Cultural Capital

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SUMMER AT  
BOHEMIAN GROVE





# Champagne Wishes and Caviar Dreams

The TV series *Lifestyles of the Rich and Famous* inaugurated an era when the ruling class was there to be envied more than to be abolished.

“Welcome to television’s unchallenged authority on wealth, prestige, and success. It’s another dazzling *Lifestyles of the Rich and Famous*. Meet the stars of show business and big business. Discover how life’s winners live, love, and spend their fortunes. Enter their dazzling world of luxury on privileged tours of the fantasy palaces they call home.”

This is the 1990 credit sequence from the syndicated television series *Lifestyles of the Rich and Famous*, and in this episode, it’s accompanied by a blurry three-second snippet of Donald

Trump and Michael Jackson striding purposefully down a hallway, surrounded by press and security.

What better way to evoke the time, place, and mood of *Lifestyles of the Rich and Famous*? More than thirty-five years after its 1984 debut as part of the “Operation Prime Time” package of syndicated programming that included American 1980s trash TV mainstays *Solid Gold* and *Entertainment Tonight*, the decade-long reign of *Lifestyles of the Rich and Famous* pioneered a format that has by now suffused the media: a

near-worship of the signifiers of wealth, fame, and power; cults of celebrity built entirely around softball interviews and profiles; the promotion of the do-nothing scions of the global ruling class as an aspirational ideal. The series became shorthand for wealth and privilege, celebrated in rap lyrics and enshrined in mainstream American media everywhere from reality programming to the local evening news.

The cloying, unctuous tones of *Lifestyles* host (and ex-*Daily Mail* reporter) Robin Leach narrated each episode. The program,

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**The show pioneered a format  
that suffused the media:  
a near-worship of the signifiers  
of wealth, fame, and power.**

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despite its origins in American syndicated TV, was an outgrowth of 1980s print tabloid journalism. On both sides of the Atlantic, the tabloid format underwent a newfound surge in popularity. In the United States, the supermarket tabloid had pivoted from its more outrageous “UFO sightings and miracle cures” format of the 1970s to celebrity gossip and rumormongering in the 1980s. In Britain, Rupert Murdoch’s sensationalistic press model was rapidly colonizing Fleet Street. The tabloid was always a working-class escape, but this new focus on the cult of celebrity sublimated class tensions by offering stars’ alternately sordid and aspirational lives as entertainment.

A typical episode of *Lifestyles* would introduce a series of three or four segments on globe-trotting rich and famous celebrities, ranging from movie stars and pop musicians to landed nobility and business magnates. Occasionally, Leach and his team would spend an entire hour-long episode on a single famous figure. In 1985, *Lifestyles* profiled Saudi real estate tycoon Adnan Khashoggi,

luxuriating in his billions in wealth; his private jet, described as a “\$50 million glamour palace in the sky”; his “\$70 million yacht” (used as SPECTRE’s floating base in the 1983 James Bond film *Never Say Never Again*); his “\$2.5 billion divorce case”; and his multimillion-dollar, star-studded parties (with guests including a virtual Trump rolodex of ’80s celebrities: Brooke Shields, Liza Minnelli, Farrah Fawcett, Joan Collins, Lee Iacocca).

Most *Lifestyles* segments are nothing more than a list of objects with virtual price tags attached. A story on Prince Charles and Princess Diana from a 1985 episode featured running tabulations of the costs of William’s and Harry’s nannies and schools, leading to the surreal image of a family portrait overlaid with the baffling legend “The Price of a Prince: \$465,750.” Tantalizing glimpses of luxury hotel suites in Paris (“\$11,000 a day!” shouts Leach) and tony Park Avenue apartments (“FOR SALE: \$4,000,000”) simultaneously dazzle the senses and provide the viewer with the concrete, material value of all this glitz and

glamour: Just what would it take for me to live this lifestyle?

*Lifestyles* existed not merely as a sui generis artifact of the Thatcherite/Reaganite 1980s and its obsession with celebrity and conspicuous consumption. It was the latest in a succession of public relations exercises stretching back to the origin of the field in the 1920s, as the American advertising industry, under the influence of Walter Lippmann and Edward Bernays, used the nascent celebrity enterprise in Hollywood to promote political and commercial interests. So, which material interest was being served by *Lifestyles of the Rich and Famous*? Well, in true postmodern fashion, *Lifestyles* was a full-length weekly advertisement for the ruling class itself, for its inevitability and permanence.

As neoliberalism ascended in the 1980s, the process of class mobility and the accumulation of capital became completely mystified. The “fantasy palaces” of *Lifestyles* are pure envy-bait, a goal with no visible pathway to achieve, a haze promising that the famous figure feted by Robin Leach on the screen could one day very well be you! Yet, as the grim example of Trump shows so clearly, what Guy Debord called the “undiscussed process” of achieving those jet-set vacations and glittering luxuries remains undiscussed for very good reason. ■





# IT'S A LITTLE BIT DIFFERENT

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THE RULING CLASS





# More Fun for More People

The architect, planner, and landowner Clough Williams-Ellis dedicated his estate to an experiment in “propaganda for architecture.” How did it become best known as the cutest of all the fictional dystopias?

“Few things seem to be impossible if you are rich enough,” wrote the British architect Clough Williams-Ellis in his 1971 autobiography *Architect Errant*. In one of the longest architectural careers of the twentieth century — from 1903 until his death in 1978 — Williams-Ellis didn’t participate in any of the great debates over modern architecture and city planning. He designed no skyscrapers, no museums, and no housing

schemes, and he never managed to be fashionable at any point.

What he did do was something quite unique: using his substantial inherited wealth to embark on an experiment in creating “more fun for more people,” largely through popularizing architecture and planning for a wide audience — most of all at Portmeirion, the holiday village he built on his land in North Wales. Best known for its role in the 1967 TV series



*The Prisoner*, Portmeirion was intended as “propaganda for architecture,” educating ordinary people in what can be one of the more esoteric visual arts through pleasure rather than instruction.

Williams-Ellis was born to an upper-class family in the English Midlands and traced his ancestry to the medieval kings of Wales such as Owen Glendower. Most of his buildings, outside of Portmeirion, are of little interest to nonspecialists. Like many upper-class designers of his age, he favored a slightly twee, retro eighteenth-century style known as “Neo-Georgian,” which made him fairly typical in early twentieth-century Britain.

What marked him as special was an interest in the overall planning of the British landscape, which he believed was being spoiled by commercial development and particularly by the low-density housing that spread around London and Birmingham. His polemical, funny books, such as *England and the Octopus* (1928) and the anthology *Britain and the Beast* (1937), brought his ideas enough attention to inspire the formation of Ferguson's Gang, a group of young female enthusiasts that restored and bought up various old buildings to donate them to the public National Trust. Williams-Ellis himself joined the Independent Labour Party around this time, a seemingly odd choice for an architect of stately homes and posh private schools, but one that was closely connected to his purchase of a spit of land on the North Wales coast in Merioneth, where he began to plan the construction of an entire small village.

On the strength of his polemics, Williams-Ellis was often consulted by the radical Labour government that was elected in a landslide in 1945. He devised the system of national parks brought in under Clement Attlee, and he was appointed planner of Stevenage, the first of a series of publicly owned "new towns" intended to offer light, air, health, and green space to slum dwellers in London, Glasgow, Birmingham, and Liverpool. He was heavily attacked by the affluent villagers who lived on what would become Stevenage, and he asked them, "If

a hitherto fortunate fifty had to now give up something for a long-deprived fifty thousand, was there anything very wicked about that?" He was surprised to find that the villagers believed there was.

Williams-Ellis was far from prescriptive about what should go in the new national parks. He shocked his allies in the conservation movement by backing the construction of a Butlin's vacation resort in the mountainous Snowdonia National Park in Wales, because it was well designed and intruded on no views. Many conservationists and enthusiasts for the beautiful countryside were horrified, given that Butlin's visitors were known to be largely working class. They evidently hadn't realized that, unlike theirs, Williams-Ellis's objection to development in the countryside was about aesthetics, not class hatred. However, Williams-Ellis was no fan of the lowest common denominator. "In return for my support," he later wrote, "I had persuaded Mr Butlin to promise me that he would introduce a certain amount of culture into his camp curricula — concerts of classical music, picture exhibitions, operettas, lecturers and so on."

In 1908, Williams-Ellis inherited a country house in North Wales. It was in this region that he would embark on the experiment for which he is best remembered, as Portmeirion was gradually pieced together between the mid-1920s and the mid-1970s. On a site almost hidden in a wooded valley,

with a wide view of the Irish Sea, Portmeirion would be filled with an initially baffling collection of fake Italian Renaissance domes and campaniles, pieces of architectural salvage taken from demolished Georgian and Victorian buildings (this being the era when slum clearance and "comprehensive redevelopment" swept away much traditional architecture). Williams-Ellis laid this "home for fallen buildings" out in a paradoxical, mazelike plan, designed to draw out as many picturesque town planning effects as possible. The buildings themselves were brightly colored and pretty, but there was a lot more going on than just the dreamy whimsy Neo-Georgian architects specialized in.

"As to the place's propagandistic effect," he wrote in *Architect Errant*, "I was aiming at winning as yet uninterested and uninformed popular support for architecture, planning, landscaping, the use of colour and indeed for design generally." This was not to be done in a pedantic way — at no point was anyone meant to feel like they were being schooled. The propaganda was intended to work through

a gay, light-opera sort of approach, whereby the casual visitor who had perhaps turned up to bathe, or to eat, or out of some vague curiosity, might be ensnared into taking a really intelligent interest in the things that give some of us fortunate ones such intense and abiding pleasure. And the stratagem works.

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**“I was aiming at winning as yet uninterested and uninformed popular support for architecture, planning, landscaping, the use of colour and indeed for design generally.”**

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The Portmeirion experiment had nothing, obviously, to do with what was going on in the rest of British architecture between the 1920s and the 1970s, a period that saw the rise and fall of modernism and the mass construction of public housing — often on a vast scale. Portmeirion wasn’t necessarily anti-modernist (Williams-Ellis would even design modernist buildings on occasion, as at his concrete-and-glass seafront café in nearby Criccieth) so much as it was in a parallel timeline altogether. It was a game with architectural history and townscape that tried to achieve the public-sector modernist aim of “architecture for all” without any of its technocratic, year-zero rhetoric.

Williams-Ellis would often take modern architects to Portmeirion, and in almost all cases, he found them to be very appreciative; this extended even to Frank Lloyd Wright, another veteran architect with distant Welsh roots. The great American modernist “took it all without a blink, seeming instantly to see the point of all my wilful pleasantries, the calculated naivetes, eye-traps, forced and faked perspectives, heretical constructions, unorthodox colour mixtures and general architectural levity.” In the early ’60s, the usually extremely serious urban historian Lewis Mumford also visited, and he wrote an essay in praise of Portmeirion for the *New Yorker*, in which he described the

village as “a happy relief from the grim absurdities of our thermonuclear strategists.” As a joke on their mutual friends in the Fabian Society, Williams-Ellis and Bertrand Russell considered founding an agency for people who wanted to move to the area to take part in the experiment “MERIONETH: A NEW CIVILISATION? LTD,” a reference to Sidney and Beatrice Webb’s notorious *Soviet Communism: A New Civilisation*.

Although Williams-Ellis enjoyed taking architects and experts around Portmeirion, the point of it was always to explain and showcase architecture to people who thought they had no interest in it whatsoever. The North Wales coast has long been a vacation destination for workers in the communities around Liverpool and Birmingham, and it was these people he wanted to attract, something at which he seems to have broadly succeeded, although in 2021 the cost of a room there is not always affordable.

Unlike most aristocrats, Williams-Ellis’s love for traditional architecture was in no way combined with an esteem for the society that brought it into being, something that extended all the way to his beloved Georgian style. As he wrote neatly in *Architect Errant*:

the lace-ruffled hand of the Regency Squire offering the elegantly enamelled snuff-box so gracefully to a suitably civilised recipient of the compliment might well have



written, not an hour before, a magisterial sentence of death for some poor neighbour for stealing a hen to feed his starving family.

He would end his autobiography claiming that “no humane person remembering the dirt and squalor of east end London in the eighties and nineties can be other than thankful for the welfare state.”

And yet the most famous representation of Portmeirion, and how it is known to most people outside England and Wales, is as “The Village.” That is, as the set for *The Prisoner*, devised, partly written and directed by, and starring Patrick McGoochan. The plot revolves around an English secret serviceman who resigns, is kidnapped, and then wakes up in a mysterious village that is both cutesy and totalitarian. There are uniforms, but they are in the sort of jolly Edwardian stripes you’d expect public schoolboys to be playing in on a Sunday in the 1910s. Everyone is referred to by number rather than by name, but everyone talks in cheerful clichés (“Be seeing you!”).

The mysterious higher-ups play chess on a Renaissance Italian piazza with people as real pawns, and the paths’ twists and turns — the archways Williams-Ellis placed to frame the views, and the various viewing towers — are all used as part of a high-tech system of bafflement and surveillance. Both sides in the Cold War, it is gradually revealed, are using The Village as an open prison for the not entirely trustworthy.

McGoohan’s character, Number Six, tries to escape in every episode, and in every episode, he fails. A working-class Irishman who became a highly paid TV actor in the 1960s, McGoochan evidently visited the place and found it deeply sinister — the perfect site for a dictatorship based not on Orwellian gray concrete tropes but ruled by a peculiarly English version of what Herbert Marcuse called “repressive desublimation.”

That is, a society where the ruling class exerted its power not through brutal state repression but by a combination of spectacle, pleasure, and cheerful, fun propaganda. No wonder the series became a psychedelic left cult classic from when it was first shown worldwide in 1968.

Williams-Ellis evidently had no problem at all with the series being filmed in “his” village, and he called it “a totally unforeseen extension of my own propagandist hopes, and entirely welcome.” But it would seem to be ironic that this place, which was designed to be the gentlest form of propaganda, to bring a lifetime’s architectural erudition to ordinary people without bashing them over the head with facts and statistics, should end up being the set for a television series where an utterly amoral and unaccountable ruling class uses the most subtle methods to imprison and torture its subjects.

While it’s possible that McGoochan admired the surreal and psychedelic qualities of Portmeirion — its

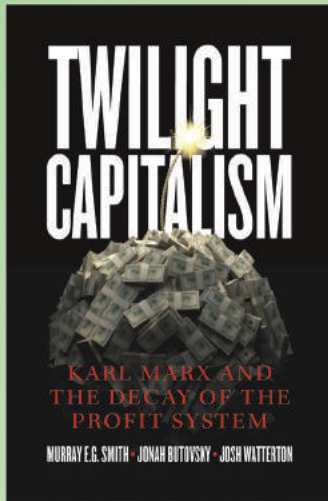
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**McGoohan  
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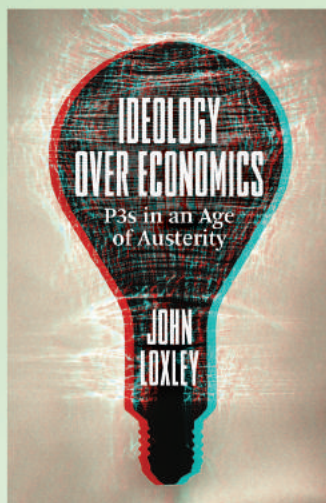
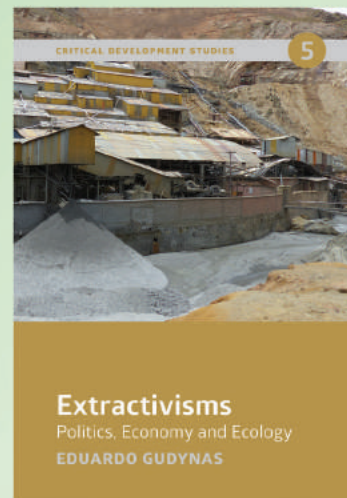
deliberate use of paradoxes, anachronisms, and visual jokes — he also spotted something quite fundamental about the project of a landowner, even with the best of intentions, using their land to educate the lower orders. In fact, that Williams-Ellis had done this with such subtlety and wit made it even more useful for McGoochan’s Marcuse-like critique. Portmeirion was intended, to use the contemporary term deployed by the British government, as a “nudge” into architectural education and town planning, a form of propaganda so beautiful and clever and enjoyable that you never notice it’s propaganda. ■

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Trust Neil Tennant of Pet Shop Boys, always one of pop's canniest theoreticians, to succinctly describe the trajectory of those 1980s pop groups known as the New Romantics. "The New Romantic scene takes the lessons of punk, with well-crafted pop songs, but now they're looking for glamour," Tennant observes in Dylan Jones's new, lengthy oral history of the New Romantics, *Sweet Dreams*. "Then, of course, as with Bryan Ferry — who was the first to do this — it becomes the thing it imitates."

Witness Bryan Ferry, late of a working-class, Northern English family, reconstructing himself as the marionette Elvis, a crooner-puppet in the nightclub at the end of the world — and then, in reality, defending foxhunts and sending his children to Eton. Or witness Boy George, late of a working-class, South East London family, and known, even as a teenager, for his sour wit and extravagant costumery, who found himself, at the height of Culture Club's success, shaking hands with that ultimate clotheshorse, Princess Margaret. (In George's partial defense, he did say, in his 1995 memoir, *Take It Like a Man*,

that the British royals are "just a bunch of Sloanes who live off our taxes. They're certainly not my moral guides.")

The dandy Warholians who brought the New Romantic scene into being — art school students, nascent fashion designers, suburban freaks, and door bitches with grand visions — were mostly based in London, but they had a crucial outpost in Birmingham, which would gift Duran Duran to the world. It was a scene made by a confluence of teenagers slightly

too young to have caught the Sex Pistols the first time around, along with the queerest remnants of the original punk movement, grown disenchanted with its mainstream turn. "The Clash had gone all American rock," comments journalist Robert Elms in *Sweet Dreams*. They worshipped Ferry and David Bowie but also soul music — the influence of the latter was obvious on tracks like "Church of the Poison Mind," a 1983 single by Culture Club, and, of course, Soft Cell's immortal 1981 cover of Gloria

## Pop of the Fops

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**From Boy George to Bryan Ferry, the New Romantics were working-class youths who created their own imaginary aristocracy through 1980s pop stardom. Did the mask end up eating the face?**



Jones's northern soul classic "Tainted Love."

At least at first, in the late 1970s, this was a subculture in the true sense. It was inwardly focused and content with its own social codes and exacting measures of taste. Elms, who was part of the scene — and who would later go on to document it for style magazine the *Face*, which was founded in 1980 — characterizes it as "a sort of working-class, urban aristocracy." These self-conscious and dissolute bohemians were, like a real aristocracy, ferociously snobbish. An adolescent Boy George ruled the cloakroom of London nightclub the Blitz, dispensing judgment and stealing wallets — and that's if you made it past his teenage conspirator Steve Strange at the door, who once turned Mick Jagger away for "wearing trainers."

The fastidiousness of dandies is hardly news, and an elaborate,

subversive pretense of wealth has been part of popular music, and popular culture, since at least the 1930s, when jazz musicians donned zoot suits. Dressing and acting rich, after all, gives the lie to the idea that wealth is a material reward for personal virtue. Why should only the affluent enjoy the indulgence of their pleasures and their time?

But the stars of the Blitz ended up *actually* rich, having acted their way into the manifestation of their own fantasies. As Neil Tennant — not a New Romantic — would sing in 1985: "I've got the brains, you've got the looks / Let's make lots of money." Whether he was channeling investment bankers or Spandau Ballet or both, one can hardly say.

*Sweet Dreams* piles on period detail — nearly seven hundred pages of it — but advances no thesis. "Quotes have not been used in order to try and make a 'point,'

only to further the narrative," Jones states. A self-described conservative and author of *Cameron on Cameron* — a set of interviews with David Cameron — Jones offers little critical analysis, either of the music or the material conditions that produced it. *Sweet Dreams* can't propose an answer to the question of why these social outcasts ended up achieving global chart success, or how it was they became so closely associated with the idea of a materialist, "Thatcherite" pop, despite the fact that most of them, on the evidence presented here, disdained Margaret Thatcher entirely.

In 1983, the year Thatcher won a second, landslide election, more British pop groups charted in the United States than had done so since the mid-1960s. It would take a different book to articulate what made the New Romantics' mock aristocracy so appealing at precisely this time, especially to Americans. ■

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**Dressing and acting rich, after all, gives  
the lie to the idea that wealth is  
a material reward for personal virtue.**

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## Monopoly Music

Today's ruling class treats all culture as either commodity or plaything. We should not accept either definition.

More and more, we fit in our love of music where and when we can. Through our earbuds on the way to work in the morning, in the background while we clean or make dinner, playing softly at our desk to take our mind off the drudgery in front of us. This is in stark contrast to music as event, as celebration, or as catharsis, the way we would be pulled to watch or participate in live performance throughout so much of history. It is a lonely privatization of an inherently social medium.

Like most things, the rich experience music somewhat

differently. Think, for example, of Elton John performing at Rush Limbaugh's wedding for the price of \$1 million. Or of Beyoncé's private concert for the son of Muammar Gaddafi. Or of "Pharma Bro" Martin Shkreli's \$2 million purchase of Wu-Tang Clan's one-of-a-kind album *Once Upon a Time in Shaolin*. Even the shame and clusterfuckery of Fyre Festival was, we should remember, intended as a gathering of glamour and privilege, with the average ticket costing \$1,200.

This is the profoundly undemocratic shape of culture when it is

left to the market. But it is more than that. Prior to capitalism and the rise of the commodity form, most art could only be experienced by gaining admittance to domains of the wealthy. Hanging in the palaces of monarchs or in grand places of worship, these works conveyed a sense of aura, of reverence, and, in turn, of divine right. The advent of photography changed all this. As with the printing press, the mechanical reproduction of the image allowed it to travel to wherever the viewer might be. We might say the same of music in the digital age. Now, anyone can access the entirety of

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**Music as background noise  
is more disposable than it has ever  
been. Music as experience,  
by contrast, comes at a premium.**

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recorded music from wherever they are in the world. The sound comes to you, and it is limited only by your ability to pay for a streaming service and your access to Wi-Fi.

But there is a problem, and it is rooted not in the technology of reproduction itself but in who controls it.

In his *Ways of Seeing*, John Berger builds on Walter Benjamin's arguments lauding the democratic

potential of mechanically reproduced art, inserting into them the caveats of how, in capitalism's earliest days (and prior to the arrival of photography), the rising merchant classes employed oil painting as a means of showing off their abundance of land and consumable goods. Today, in the age of the digitally copied image, our corollary is the "Rich Kids of Instagram," flaunting their private helicopters and magnums of Dom Perignon in what Adam Stoneman

described several years ago in *Jacobin* as "a display of braggadocio signifying disdain for cost and a gratification in denying others the experience of wealth rather than sharing it."

The precapitalist, semireligious "aura" of the art image is replaced not with the flourishing of democratic creativity but with excess and petty upper-class contempt. The objects in the image — the luxury cars, the lavish



swimming pools, the idyllic getaways — are subject to the law of exchange and, in theory, could belong to any of us. But they don't. They belong to them. And we can't have them.

Music, an entirely different medium, corresponds to different rules. But when both recorded sound and a composed image can be reproduced ad infinitum, they find themselves in tension with notions of authenticity and originality. Anyone can stream Beyoncé's music, but how many of us can afford the unique experience of having her perform for our closest friends? A die-hard Wu-Tang fan can buy as many rarities and bootlegs as they like, attend as many performances as they can, but the only one who can experience *Shaolin* is the one who can pay for it.

Music as background noise is more disposable than it has ever been. Music as experience, by contrast, comes at a premium.

There are, of course, exceptions to this rule. While most of us cannot buy a private performance from our favorite artist, we can attend music festivals. Even here, however, we can't ignore the sharply rising cost of participation. A four-day pass to Bonnaroo, for example, will run you more than \$350, while parking and lodging can be several hundred more. Add in travel and the practically criminal markups on meals and water, and the price tag easily approaches \$1,500. This is to say nothing of the class divisions such festivals expose

when they take over spaces ostensibly for public use or create gilded cages of VIP access. At Bonnaroo, anyone who wants to hang out with the artists in an air-conditioned tent with weekend-long food and drink service had better be ready to drop close to four grand.

It may be fitting, therefore, to understand music festivals as a place where the fissures between commodity and monopoly in music are most threatening, where such holes must be plugged in order to eliminate any entry point for commoning. Even then, they can buckle under the weight of their own contradictions.

Fyre Festival, the "luxury" music festival whose spectacular collapse in spring 2017 provided us with a healthy dose of *schadenfreude*, is the best-known example of this. But it's not difficult to see these tensions play out in other festivals. The atrocious condition that Chicago's Humboldt Park was left in by Riot Fest in 2014 provoked an outcry from the neighborhood's working-class Boricua community. And the cancellation of several large music festivals in the wake of coronavirus calls into question whether some promoters and other businesses that rely on these events will even survive, which is to say nothing of the toll such a collapse has taken on their employees.

In other words, "music as commodity" and "music as plaything for the rich" constitute each other. We are told our lives will be incomplete without these sounds

and experiences, but only those who can afford the purest ones can hope to be truly fulfilled. Music becomes a conduit of glamour, which, as Berger argues, is indicative of "the industrial society which has moved towards democracy and then stopped half way."

The radical democratic potential of mass-produced art and music is not only squandered but turned against itself. The downward pressures are already having ripple effects on how working people relate to music. On top of that relationship becoming more and more privatized, it may be creating a different genus of music entirely. In the era of what some commentators are calling "Spotifyfication," even with artists being paid pennies by streaming services, many still feel pressured to write their songs to conform to an algorithm, so that they might be at the front of the line when listeners are asked, "What would you like to hear next?"

How this continues to evolve is, of course, impossible to tell. But the current economic and cultural trajectory raises the question of whether we may be on the way toward a kind of mass musical apartheid. When we talk of two ways in which the world of music is experienced, how literal can this distinction get? Are we approaching a moment when artists release and perform better or more interesting versions of their music only for the rich? More specifically, how close to this vision are we willing to get before we start to push back? ■

# Billionaire Garage Bands

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**Under capitalism, New York Knicks owner James Dolan can make bad music. Under socialism, we can all make bad music.**

*The Great Divide* is the seventh release by JD & the Straight Shot. On this record, like the others, Dolan fronts a quintet of professional-grade musicians strumming through bland, folksy fare, with Dolan himself on vocals and guitar. His robotic, tedious phrasing croaks out across nine original tracks and two covers, betraying a total lack of imagination, or oversight, or both. But, like any vanity project, none of that matters. The prestigious Nashville studio no doubt charged their very top rate, the engineers all got paid handsomely, and the

band itself has secured one of the cushiest gigs they'll ever have.

All that matters is that Dolan has another record to call his own.

It's not all terrible. In the song "Invisible," the meter shifts from eight beats per phrase to six to eleven, then back to eight — the album's most pleasant surprise. This is also the album's *only* pleasant surprise. Musically, listening to *The Great Divide* is like asking a waiter for a drink, only to watch as they bring you a glass of water from the bathroom. It's not necessarily offensive, so long as you ignore the context.

Dolan owns Madison Square Garden and its affiliate networks; the New York Knicks, New York Rangers, and New York Liberty; and The Forum in Los Angeles. He is friends and business partners with Irving Azoff, a 1 percent power player in the music industry. Without such connections, it's doubtful anyone outside of Dolan's immediate family would have ever heard a song by JD & the Straight Shot. It is highly unlikely the band was asked to play for the Rock & Roll Hall of Fame's "Rock Hall Live!" series for reasons beyond its lead singer owning major venues in New York and Los Angeles. The band — professional musicians fronted by an amateur — only exists because of Dolan's money. This album — recorded in one of Nashville's best studios — only exists because of Dolan's money. And, of course, Dolan's money — inherited from his father — only exists because one billionaire begets another.

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**As much as Dolan might wish for his musical career to stand alone, he's not doing himself any favors with the songwriting.**

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As much as Dolan might wish for his musical career to stand alone, he's not doing himself any favors with the songwriting.

Throughout *The Great Divide*, Dolan the Americana singer can't escape Dolan the billionaire magnate. The fifth track, "I Should've Known," is his musical response to the allegations brought against his friend Harvey Weinstein — behavior ranging from inappropriate to criminal. On the surface, the song is Dolan's mea culpa for failing to recognize the horrors Weinstein perpetrated over a period of decades. But the lyrics expose his inability to see beyond himself or the gilded company he considers his "brothers."

Dolan sings, "We believed and didn't see / through the lies he told us all," a grotesque attempt at centering himself as a victim, particularly coming from a man who, in a 2007 civil suit that also named Madison Square Garden

(MSG) and Knicks president Isiah Thomas, was found liable for sexual harassment. The extent of the harassment was so egregious that the jury asked for and was granted permission to award the plaintiff, former Knicks executive Anucha Browne Sanders, significantly more money than she'd sought.

"I Should've Known" also includes a line linking Weinstein to "men / who take what don't belong to them." It's worth noting that, due to a property tax exemption granted to MSG — an exemption without an expiration date — the Garden has avoided paying almost half a billion dollars in taxes.

For Dolan, sex crimes are something he just couldn't see. Corporate greed, however, is simply *c'est la vie*.

Listening to *The Great Divide* and Dolan playing make-believe alongside vastly superior musicians is similar to watching the

Knicks under his ownership: the front man is unqualified to be one, and the supporting cast isn't enough to make up for what's lacking in the lead. And yet, however uninspiring this album may be, the world is a better place for it, and for Dolan's involvement with it.

Indeed, in a world where people were free to live and pursue their own dreams, a world better than one drawn and defined by market forces, we could all be Dolan — following our muses wherever they lead; surviving independent of our ability to be the cog in someone's cubicle.

It can be difficult to imagine what this better world would look like. But if you close your eyes and listen to James Dolan singing, free to pursue his dream and tell his stories without fear or even awareness of the possibility of larger forces squashing him, you might catch a glimpse. ■



# The Tumbrel

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POLO-RELATED  
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# Yuppie Misandry

At the turn of the last century, Alexandra Kollontai identified the problem with elite feminism.



Last year, as a worldwide pandemic spread, most of us worried about our loved ones becoming sick, or losing our jobs, as well as the prospect of massive economic immiseration and civilizational collapse. We needed socialism more urgently than ever.

But despite mass unemployment and the shuttering of entire cities — not to mention hundreds of COVID-19 deaths every day — the specter of “Bernie Bros” continued to haunt the minds of mainstream feminists.

As you know, unless you’ve been living without media access for the

last six years, “Bernie Bros” refers to rude men on the internet supporting Senator Bernie Sanders’s bid for the presidency.

The stereotype was always ideological, intended to diminish Sanders, his followers, and the wide appeal of democratic socialism as a gang of nasty, unruly men. This idea had such broad appeal among elite feminists because it armed not only their anti-socialist politics but also their antipathy toward men.

By late September, things had taken an ugly turn for the even worse in American politics. Bernie

had lost the primary. Donald Trump, on national television in a debate with Joe Biden, swore allegiance to white supremacists and openly exhorted them to beat up leftists in the streets. In an epic bit of point-missing, writer Jill Filipovic tweeted that her takeaway from the election was “no more men for president” and wrote in the *Guardian*, of the contest between two performances of masculinity, “It’s all exhausting.”

Not that liberal feminists hate *all* men — not exactly. Even as they write books detailing how horrible

men are, these tomes generally open with a bouquet of carefully adoring thanks to their husbands, fathers, brothers, and sons. The #KHive, Kamala Harris's frenzied Twitter fan club, regularly tweets its collective, gushing adoration of the vice presidential candidate's husband. But bourgeois feminists do hate the male masses, and working-class men especially.

Bolshevik leader and writer Alexandra Kollontai, who argued with and even heckled bourgeois feminists, noted the stark difference between the politics of affluent and working-class women when it came to the subject of men. (When Kollontai used the term "feminists," she always meant *bourgeois* feminists, even as she believed women's liberation was central to the socialist project.) The Russian "feminists," much like their upper-crust cousins in the American Progressive movement, saw working-class men as drunken, violent brutes oppressing downtrodden working women. Kollontai wrote in 1909:

The feminists see men as the main enemy ... Proletarian women have a different attitude. They do not see men as the enemy and the oppressor; on the contrary, they think of men as their comrades, who share with them the drudgery of the daily round and fight with them for a better future.

In the twenty-first century, things aren't very different. In the last two election cycles, elite feminist distaste for working-class men led not only to a curious fixation on

Sanders, who was constantly dismissed as an "angry old white man," and his online supporters but also helped sow confusion over Trump's supporters. For years now, the "white working-class man" has been blamed for the rise of Trump and constantly vilified by the liberal media.

As early as January 16, 2016, a column by Mona Chalabi in the *Guardian* featured this lede:

Michael has presumably had a rough day. Nine hours working as an exterminator takes a physical toll on the 45-year-old, who didn't go to college, makes \$33,000 a year, and relies on a steady swarm of pests to pester people in his 90% rural county.

But home, with a glass of wine and Fox News, he's excited to hear from the only candidate who's making any sense these days: Donald Trump.

It's the classic journalistic trope of substituting an anecdote for serious empirical analysis. Yet there was a startling caveat: "Michael is technically fictional, but he's created entirely from fact."

*What?* He's *made-up*? Chalabi lamely hedged, "The story of Trump's success is, in some ways, the story of the many American Michaels. Frustrated white men who reject the stories offered to them, and admire leaders who feel the same." Chalabi had decided to blame working-class white men for the ascendance of Donald Trump without even offering one flesh-and-blood example.

Yet it was fitting. As Nicholas Carnes and Noam Lupu pointed out in the *Washington Post*, the problem with the story that Trump's rise was powered by the frustration of white working-class men is that it was "not true." The vast majority of Trump's voters were, in fact, the same relatively affluent conservatives who've voted GOP for nearly a century now — a coalition that stretches from the middle class to the megarich. While lower-income white Barack Obama voters helped put Trump over the top in the Midwest, they were a distinct minority in his confederation.

But the narrative endured, because it fed the bourgeois feminist idea that "bitter" working-class men were the problem.

In 2020, as the race narrowed into a contest between Biden and Sanders, feminist writers like Jude Ellison Sady Doyle declared that while they supported Sanders's politics, they disliked the male candidate and his male followers, and they weren't going to support either of these "old men."

In her early October *Guardian* column, Jill Filipovic diagnosed the problem with Trump supporters. You guessed it: they're men! Particularly white men without a college education. She recycles a familiar elite narrative of the Trump supporter: men who "have not lived up to their own expectations; in response, they haven't just lowered the bar, they've chucked it in the wood chipper." Of course, she's right that the politics of masculinity plays a role in the worldwide rise



of the far right. There has been a gender gap in this race, but to the extent that some working-class men are attracted to Trump and to far-right politics, trolling them for being losers is a conservative and elitist, not a progressive, response.

There were feminists just like this in Kollontai's time, too:

The feminists declare themselves to be on the side of social reform, and some of them even say they are in favour of socialism — in the far distant future, of course — but they are not intending to struggle in the ranks of the working class for the realisation of these aims ... However good the intentions of individual groups of feminists towards the proletariat, whenever the question of class struggle has been posed they have left the battlefield in a fright. They ... prefer to retire to their bourgeois liberalism

which is so comfortably familiar.

Misandry has never been very politically sophisticated. By definition, it's a losing coalition — to transform society, we need an overwhelming majority. That's kind of hard to do if you've already written off half the population. While Kollontai argued that socialists should fight for women's rights, she felt strongly that working-class men and women should be on the same side, as their interests were the same:

The woman and her male comrade are enslaved by the same social conditions; the same hated chains of capitalism oppress their will and deprive them of the joys and charms of life. It is true that several specific aspects of the contemporary system lie with double weight upon women ... But in these unfavourable

situations, the working class knows who is guilty.

The most hopeful and advantageous part of class war is that the ruling class is much smaller than the working class. "Ye are many, they are few," as poet Percy Shelley wrote. Casting men as an additional class enemy drastically divides and reduces our numbers, and we will never win that way.

That's probably been the intention behind bourgeois feminism ever since the tsarist days — to divide the working class so we can't win. Even the well-meaning elite feminists that Kollontai refers to, like the Jude Doyles of our world, are doing that, regardless of their benign intentions. In 2016 and early 2020, elite misandry did its job in fueling the ideological war against democratic socialism.

We should heed Kollontai and give such feminism a distant side-eye. ■

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**Misandry has never been very  
politically sophisticated.  
By definition, it's a losing coalition.**

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## Twilight of the Boarding School Boys

East Coast boarding schools once prepared “ordinary” boys from the elite for national leadership — helping them forge friendships, networks, and marriages to rule the country.

Three years ago, a picture of John Kerry from 1962 rapidly circulated among conservatives. In the photo sat an eighteen-year-old Kerry, sporting the number 18 on his school hockey uniform and wearing impossibly large leather protective gloves. Immediately to his right sat Robert Mueller III, number 12, with Kerry’s hockey stick resting at his feet.

The former head of the FBI — the man then responsible for investigating Donald Trump — was a childhood friend of a leading Democratic politician while they were both students at an elite

prep school. They even played on the same team.

It was all the evidence Trump supporters needed to confirm what they already knew: there was an organized conspiracy among the liberal elite to take down the president. But the Right hardly has a monopoly on seeing the elite, or the “ruling class,” as an organized cabal. Six years before this picture of Kerry and Mueller was taken, the sociologist C. Wright Mills wrote of a vast “power elite” in postwar America. Mills proposed that the United States was run by a military-industrial complex —

a set of corporations, political figures, and military men who, more than any democratic process, determined the direction of American life. Mills’s book was widely discussed by the intelligentsia of the late 1950s, who mostly dismissed his work as the stuff of conspiracy theory. But that was a misreading of it. That same intelligentsia were, after all, the kinds of men at whom Mills directed his not-so-quiet moral rage.

Mills taught at Columbia University at the time he wrote *The Power Elite*, but unlike many

within the New York intellectual scene, he was not from an elite family. He'd grown up in Texas, moving through more than half a dozen towns and cities during his childhood. He was the product of public schools, having attended Texas A&M, UT Austin, and the University of Wisconsin-Madison before beginning his first job at the University of Maryland, College Park.

Mills does not hide his contempt for the power elite, but he does not fully argue that they are a ruling cabal. Instead, Mills suggests that they are a class. Their actions may be highly patterned, but they are not necessarily organized. What appears as coordination is often the result of a shared culture, built upon shared experiences.

"Harvard or Yale or Princeton is not enough," Mills argues. "The point is not Harvard, but which Harvard?" The Harvard of interest to Mills is the one that flows through families, seeded far earlier, in the elite private preparatory academies, of which Kerry and Mueller's alma mater, St. Paul's School of New Hampshire, was a leading member.

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Mueller and Kerry were ordinary men at St. Paul's — that is to say, they were well-pedigreed elites. Both had strong family ties in American business and government stretching back to the previous century and beyond. Robert Mueller III's father, Robert Jr, was a DuPont executive who had graduated from Princeton in 1938 and soon after

enlisted in the Navy, serving in the Mediterranean during the Second World War. Robert Jr's wife was the granddaughter of the railroad tycoon William Truesdale. Mueller III followed in his father's footsteps to Princeton, but after graduation, he joined the Marine Corps. He trained as an officer at Quantico and served in Vietnam, leading a rifle platoon. During his tour, he was awarded a Purple Heart and the Bronze Star.

Mueller was a gifted athlete, having captained the soccer, hockey, and lacrosse teams in high school. At St. Paul's, he was awarded the Gordon Medal, for the school's top sportsman. Mueller, something of a stoic jock, by Kerry's reports, reveled in hitting his opponents hard. It's a skill he seems to have rather lost over time.

Kerry's father, Richard, was a lawyer and diplomat. He'd attended Phillips Academy Andover (a rival school to St. Paul's, and alma mater of the Bush family), Yale College, and Harvard Law School. While traveling in Brittany, France, and attending a workshop on how to build model ships, Richard met Rosemary Isabel Forbes, who was staying at the Forbes estate in Saint-Briac-sur-Mer. Rosemary was one of eleven children, and her share of the Forbes fortune was "modest" in the sense that when she died at the age of eighty-nine, her son John, one of four children, "only" inherited between \$300,000 and \$1.5 million. Forbes was also of the Winthrop dynasty — the great-granddaughter of Robert Winthrop, former speaker of the

House, and descendant of John Winthrop, the Puritan founder of the Massachusetts Bay Colony.

Kerry's father served in the Army and spent his life in the service of the government, working in the office of the general counsel for the Navy, as a diplomat in the German and Norwegian embassies, and as a lawyer for the Bureau for United Nations Affairs. John Kerry followed in his father's footsteps, attending Yale before enlisting in the Navy. His tours of Vietnam as a Navy lieutenant left him decorated, receiving the Silver Star, the Bronze Star, and three Purple Hearts.

Kerry and Mueller reflect much of what Mills remarked upon — a military-industrial complex of multigenerational fortunes, public service, and membership in the officer corps. St. Paul's impressed itself upon them by regulating nearly every aspect of their lives. Students who enrolled in the seventh grade (what the school referred to as "first form") slept in large spaces separated by cloth walls, similar to a field hospital. Their clothing conformed to the bounds of a strict dress code. They spent their meals in the formal setting of a "seated meal" with the masters of the school. They were in classes six days a week; the seventh was spent in church.

Kerry was rather disliked by his classmates at St. Paul's — they have described him, with an air of WASP disdain, as "ambitious" and a "social climber." Some of this may have been his personality, but much of it was likely his Catholicism. At the time, the Protestant



establishment — a term coined by sociologist and leading elite scholar E. Digby Baltzell, who himself graduated from St. Paul's in 1936 — was still largely hostile to the Roman faith, though the exclusion did not fully limit his opportunities. In 1962, just before entering Yale, he dated Janet Auchincloss, half sister of Jacqueline Kennedy Onassis. Kerry spent some of his summer with the Kennedys, sailing aboard a yacht with then-president John at the helm.

Mueller and Kerry have led exceptional lives, but they were not exceptional students. The three tiers of Latin honors — *summa*, *magna*, and *cum laude* — eluded them both. They were accepted to the Ivy League not because they were at the top of their class but rather because these institutions had deemed that their families were of the right class. Long has the Ivy served as a luscious facade, hiding the banal families that hold it up.

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The role of the boarding school in class formation has a curious history. Founded in 1856, St. Paul's School was initially part of a moral and religious education. Its curriculum consisted of Latin, Greek, and mathematics. But the primary lessons were devoutly Christian in character, part of a Romantic-era vision stressing the importance of isolation from the corruptions of daily life and a celebration of both the natural world and a purity of character that could be achieved through reflections upon God and the instantiation of reason.

Before the 1850s, schools allowed young boys the chance to develop on their own. But St. Paul's exemplified the mores of a new era and was founded on Victorian ideals that emerged within Swiss educational theory. St. Paul's was not founded as a preparatory school for something later in life — university life, economic activity, and so forth. Only five of the first seventy graduates ever attended college. Its aim was to produce a community of “gentlemen” through a Christian nurture of innocence.

Yet the rise of industrial capitalism in the second half of the nineteenth century radically changed the school.

A crisis confronted the established elites of the Northeast: the dual threats of the relatively declining value of long-term familial wealth when compared to the massive fortunes of industrial capitalists, on the one hand, and of what they saw as the corruptions brought by the related dynamics of urban poverty and immigration, on the other. In response, boarding schools now removed children from the “dangers” of the cities and helped meld families of the established elites with the new industrial capitalists into a proper class, one that could boast both a booming fortune and a Mayflower pedigree. The core of class construction — as has been argued in Sven Beckert's *The Monied Metropolis* — involved establishing social ties and solidifying a shared culture. Elite boarding schools transformed from being places that made Christian gentleman to being almost

factory-like in how they melted down the refractory material of individualism into the solid metal of elite collectivism. Boarding school boys, in other words, were molded into soldiers for their class.

But the newly emerging captains of industry were largely disdainful of these kinds of institutions. Their view of the world was what we might now call “Darwinian” but which at the time would have been known as Spencerian. Herbert Spencer, an Englishman, made a triumphant tour of the United States in 1882, providing elites both a moral and ethical foundation for their tremendous wealth. It was Spencer, not Darwin, who coined the phrase “survival of the fittest.” And he applied it to a particular animal: man.

Spencer absolved capitalists of the worries that their fortunes may be built upon the suffering of others, arguing that such pains are necessary for the advancement of humanity. Spencer maintained that, for the poor, their “sufferings must be endured.” Andrew Carnegie found in Spencer a prophet, writing in his autobiography that, after reading Spencer, “I remember that light came as in a flood and all was clear.” Further reflecting in *The Empire of Business*, Carnegie noted that the fittest businessmen were not educated at boarding schools like St. Paul's or in colleges or universities. He argued that, instead, the best lesson for a life in business was the experience of poverty.

Yet while men like Carnegie did not think schooling was essential

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**What was the dawn of a new golden age of prosperity and security for most was something much more ominous for the ruling class.**

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to making a fortune, they quickly learned that it may be essential to maintaining it. The alumni of St. Paul's School include "older money" families like the Astors, but also many newer industrialists like the Vanderbilts and J. P. Morgan Jr; John Lindsay, who was the last blue-blooded mayor of New York (he met his wife at a Bush family wedding); cartoonist Gary Trudeau attended at the same time as Kerry and Mueller; and members of the Pillsbury family also called St. Paul's their home. The list goes on: dozens of ambassadors, senators, children of great fortunes. Mueller is not the only special prosecutor to have attended St. Paul's; Archibald Cox, of Watergate fame, graduated in 1930. William Randolph Hearst attended the school but never graduated.

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To read these stories of the interweaving of elite families

evokes, yet again, the secret machinations of an executive committee of the ruling class. And there is something to this story. From 1913–14, Louis Brandeis wrote a series of ten articles for *Harper's Weekly*, later collected as *Other People's Money and How the Bankers Use It*, in which he presented an idea of "corporate interlocks." He argued that the managers of banks used the deposits of middle-class and working people to advance the interests of other industries whose boards they sat on. Deposits, in short, were used to stamp out competition and to prop up corporations that acted with hostility toward the middle and working classes, those very groups that not only provided the core labor but also, Brandeis argued, the core capital supporting such firms.

When Brandeis wrote these essays, the working classes had little power to fight back. Only about 10 percent of American

workers belonged to a union, a number roughly equivalent to today's share. They faced the opposition of both capital and the state. But by 1945, this had changed significantly — more than one-third of American workers were unionized.

Collective discipline was in order. The great inheritor of the corporate interlock tradition started by Brandeis is University of Michigan business school and sociology professor Mark Mizruchi. He describes the period between the end of World War II and the 1970s as one of dense interlocking of elites. In short, a relatively small group of people, particularly within the finance industry, working with a relatively activist state and a relatively strong labor movement, "oversaw and mediated disputes across industries." For the ruling class, the twin threats of the Gilded Age were immigration and the instability of dynamic new fortunes.

By mid-century, the threats were unions and state power.

What was the dawn of a new golden age of broadly shared prosperity and security for most Americans was something much more ominous for the ruling class. Elites are often “counter-cyclical” — the economic dynamics they experience can be the reverse of general trends. From 1945 through the early 1970s, there was considerable secular job growth for the average American, as well as relatively high intergenerational mobility. Elites, by contrast, were largely locked in place. Economists Wojciech Kopczuk and Emmanuel Saez, in exploring patterns of wealth (as reported on tax returns), note that:

there has been a sharp reduction in wealth concentration over the 20th century: the top 1 percent wealth share was close to 40 percent in the early decades of the century but has fluctuated between 20 and 25 percent over the last three decades. This dramatic decline took place at a very specific time period, from the onset of Great Depression to the end of World War II, and was concentrated in the very top groups within the top percentile, namely groups within the top 0.1 percent.

The rich were poorer, particularly in the middle of the century. They were also more stagnant. Lena Edlund and Kopczuk look at the share of women among the very wealthy in the United States, using

women — not inaccurately — as an indicator of dynastic wealth of that era. They find that the share of women within the top 0.01 percent peaked in the late 1960s — when women made up nearly half of the United States’ wealthiest people. In postwar America, elites tended not to have worked for their fortunes, but instead to have inherited them. In recent years, inherited wealth has waned, with women — who are extremely likely to have inherited the wealth they have — making up about one-third of the wealthiest Americans.

The mid-century elite were more likely than at any other time in the century to be born into their wealth, and that wealth was relatively stagnant. Moribund, they may have been. But so, too, were they disciplined as a class, in no small part because of a kind of centripetal power of those who opposed them. And they were not going to be caught on the back foot for much longer.

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The boarding school was largely the terrain of ordinary men whose class positions allowed them to do great things — from playing on a hockey team as adolescents to heading up branches of the federal government a few decades later. These teenagers imagined themselves not so much as great men but rather as men from great positions sharing a great responsibility. Their world was small, built on close familial relationships and a shared culture molded within institutions like boarding schools.

But today, elites have largely, in the words of Mizruchi, “unraveled.” As they won two major battles — against the unions and the state — they began to decompose as a tight-knit group. Their victory was vast and decisive. They no longer needed the shared rituals of duty and leisure. With no mortal threat to their power, they basked in their privilege, their luxury, and the fantasies of their talents. As Mizruchi put it:

the takeover wave of the 1980s led corporate leaders to shift their concerns away from those of business as a whole toward the short-term performance of their particular firms. With no external forces to discipline its members, the corporate elite has become fragmented, narrowly self-interested, and unable (or unwilling) to act collectively to address the problems of American society in a way that its forerunners did in previous years.

I share none of Mizruchi’s view that the problem with elites today is their lack of collective action — instead, it’s the lack of organized opposition to their power. But in unraveling from a class *for* itself to a class *in* itself, they no longer recognize themselves as they are — and this has only made them all the more dangerous.

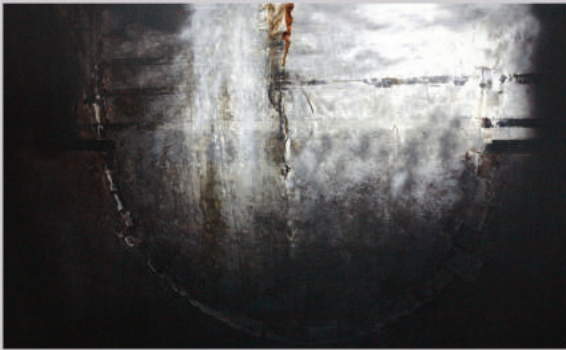
For today, they remain ordinary men, only now they believe that their immeasurable skills — rather than their luck, their birth, and our winner-take-all system — explain their imagined greatness. ■



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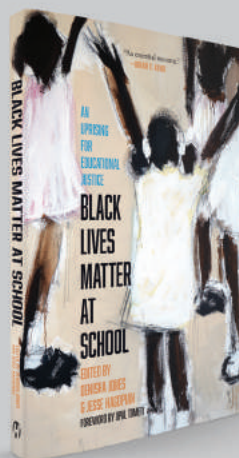


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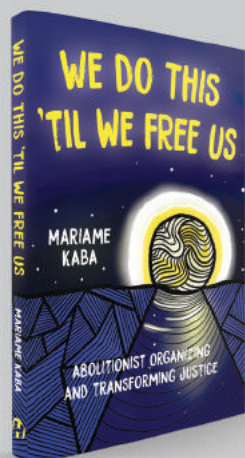
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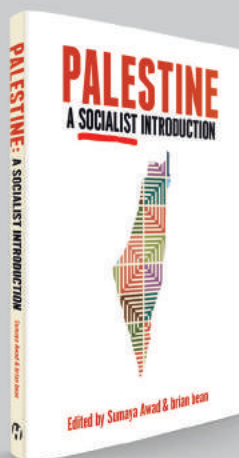
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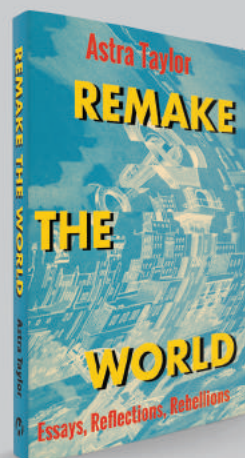


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# Leftovers

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SPACE IN  
THE FAMILY PLOT



# Political Elites Aren't Worried About Inflation

With the passage of a \$2 trillion stimulus bill, deficit-phobia appears to be waning in Washington. But it's not because lawmakers have been won over to redistributive policies — it's because they think the working class is too weak to set off inflation.



Say what you will about him, but Barack Obama was consistent. On the campaign trail in 2008, he was already firing up crowds with the promise that “we will all need to tighten our belts.” Upon taking office, he reminded everyone, “Americans are making hard choices in their budgets, and we’ve got to tighten our belts in Washington as well.” Even when, in his 2015 budget request, he belatedly adopted the rhetoric of anti-austerity, he still promised that everything would be “fully paid for.”

By comparison, Joe Biden sounds like John Maynard Keynes himself.

“The biggest risk,” he has said, “is not going too big, it’s if we go too small.” The stimulus bill that passed in March was equivalent to around 9 percent of GDP, 1.5 times more than the Obama stimulus.

Can the change be explained by new ideas? Perhaps austerity was based on a sincere but mistaken belief. But the Biden shift doesn’t really depend on recent thought, per se. Back in 2009, Council of Economic Advisers chair Christina Romer recommended a bigger stimulus and fought to get Obama to stop publicly calling for Washington to “tighten its belt.”

Different ideas were right there in the White House, and if the president hadn’t been busy discussing Edmund Burke with David Brooks, he might have heard them.

We need to explain why the old ideas have more purchase now. Perhaps the real story is material, not ideal. But capitalists have the same interests now that they did in 2008: they need the government to backstop the economy (including business profits), but not in a way that disrupts labor relations or threatens the centrality of private investment. The

former concern generates support for stimulus, while the latter generates opposition. Given this ambivalence, it is difficult to explain fiscal politics as a simple matter of class power, and even if it weren't, it's not obvious that any significant shifts in class power have occurred since 2008.

Somewhere between ideas and interests, a political learning process seems to have taken place. Between 2011 and 2020, thoughtful Democrats made three observations. First, the inflation that many feared would follow from deficit spending or low interest rates did not appear. In fact, the Federal Reserve found itself unable to meet its very modest inflation targets. Second, rather than winning votes, the Democrats' commitment to austerity seemed to cost it elections, including in 2016. Finally, Donald Trump and Mitch McConnell offered their own "stimulus" of tax cuts and military spending. Despite "adding economic fuel at a moment when unemployment is at a 16-year low and wages are beginning to rise," the program was met with apparent political and economic success. At long last, Democrats began to consider that austerity might be neither prudent nor popular.

But why did it take so long? Bill Clinton responded to the Reagan-era deficits by balancing the budget, only to see George W. Bush create new deficits even larger than the ones Clinton had inherited. Why didn't Democrats learn from Bush the lesson they

eventually took from Trump? Obama ran as a deficit hawk, accusing Bush of taking out "a credit card from the Bank of China in the name of our children" and leaving "our children with a debt that they cannot repay." The financial crisis turned him into a foxhole Keynesian. But as soon as credit markets stabilized, Obama turned again to deficit reduction, creating a presidential commission to recommend entitlement cuts when unemployment remained near 10 percent.

Obama now claims he was a "full Keynesian," held back only by the votes of Senate conservatives. But the record shows otherwise. As the *New Yorker* reported:

When, in 2009, he was presented with the windfall pot of thirty-five billion dollars that he could spend on one of his campaign priorities or use for deficit reduction, Obama wrote, "I would opt for deficit reduction, but it doesn't sound like we would get any credit for it."

Far from being politically constrained, the president proactively sought out third rails to touch, such as when he advocated cuts to veterans' benefits even after being informed by his staff that this form of spending was a political winner.

During the summer of 2011, Obama pursued a bipartisan "grand bargain" on deficit reduction but found himself constrained by Republicans who cared more about keeping taxes low than balancing the

budget. When Republicans sought leverage by refusing to raise the debt ceiling, Bill Clinton told the press he would "without hesitation" use the Fourteenth Amendment to raise the ceiling unilaterally. Instantly, Obama took the constitutional option off the table and continued to look for bipartisan support for entitlement cuts. As late as 2016, he was still proud that "we ended up getting a grand bargain."

There may be no way to explain Obama's lag in recognition, except by looking at his individual intellectual background — for example, the fetish for civil debate with right-wingers that he developed at Harvard Law. However the delay is explained, we should remember that the zombie ideas themselves emerged from social conflict.

Take the fear underlying much deficit-phobia: the inflation of the 1970s, which provides the contrast to every current discussion about how things have changed. The causes of inflation are complex and imperfectly understood, but in the 1970s, rising prices were widely and correctly perceived to reflect distributional struggles. Fed chair Paul Volcker, who remains universally admired among mainstream economists and politicians like Obama, plainly stated that weakening labor unions was an indispensable piece of the 1980s disinflation.

If policymakers have now come to believe that there is more room for stimulus, it is in large part because they believe workers lack the power to make meaningful

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**The pandemic has created a new outlet for government spending that organized business — including its more conservative wing — not only accepts but welcomes.**

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economic demands. As Janet Yellen reassured her Fed colleagues in 1996, “Real wage aspirations appear modest, and the bargaining power of workers is surprisingly low.” At the time, Yellen was “sympathetic to the view that the world has changed [since the 1970s]” but warned that she “would not want to carry such reasoning too far ... the risk of an increase in inflation has definitely risen, and I would characterize the economy as operating in an inflationary danger zone.”

Between 1996 and 2021, Yellen has evidently become more comfortable with the idea that “the world has changed,” full stop. But it would take a heroic effort to describe this as a story about good ideas replacing bad ones: clearly, it is also a story about the gradual recognition that the balance of class forces now allows more room for maneuver than previously believed. No doubt, it is hard for any of us to escape old ways of thinking, but in this case, the protracted learning process also suggests a bias (despite all

evidence, wages might still get out of control) that is hardly innocent of class implications.

In addition to a new attitude from the Democratic Party, there is evidence that the business community is more supportive of fiscal expansion than they were in 2008. Historically, business attitudes on this question have fluctuated, as Michał Kalecki predicted at the dawn of the Keynesian revolution. Often, the trickiest issue has been to identify large-scale forms of government spending that do not compete with private business. This is why military spending and tax cuts, as opposed to public investment, have traditionally played such a large role in US fiscal policy.

The pandemic has created a new outlet for government spending that organized business — including its more conservative wing — not only accepts but welcomes. In addition to the immediate health imperatives, business also perceives longer-term opportunities for public

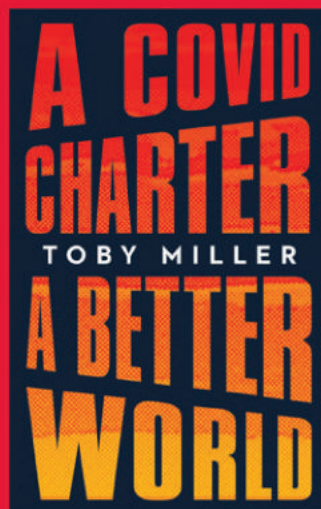
sponsorship of private investment. It is too soon to tell how far these will develop, but, along with increasing public-private action around climate change, they cannot be ruled out as forms that can accommodate large infusions of government money without threatening existing patterns of power and resources.

Consistently, working-class self-activity has been much harder to accept than new economic ideas. Many of the businessmen most supportive of New Deal reflation were horrified by the wave of sit-down strikes after 1936. In 1977, General Electric CEO Reginald Jones pushed Jimmy Carter to expand the size of his stimulus program while simultaneously working through the Business Roundtable to kill pro-labor legislation. Warren Buffett’s frequent hand-wringing about inequality — “There’s class warfare, all right, but it’s my class, the rich class, that’s making war, and we’re winning” — did not stop him from vocally opposing the Employee Free Choice Act in 2009.

In the last year, we have seen that \$600 per week in additional unemployment benefits and a \$15 minimum wage unable to win enough Congressional support for passage. Neither the business community’s chumminess with Biden nor its new rhetoric about stakeholders over shareholders has led it to support the PRO Act. It is here, rather than in deficit discourse, that we can expect to first see the limits of the new corporate liberalism. ■



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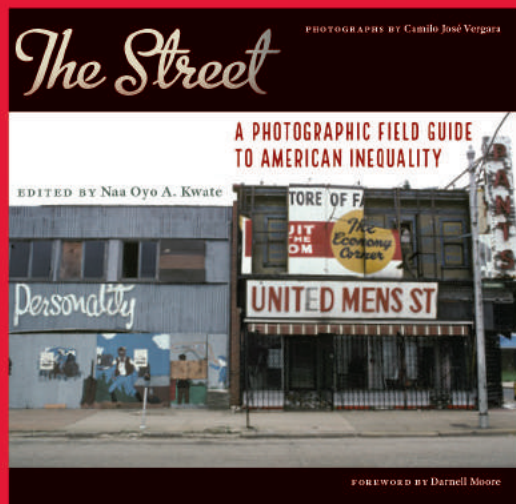
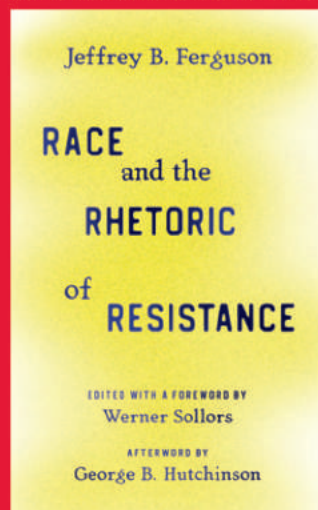
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# The Ruling Class Doesn't Rule — But It's Got Veto Power

Capitalists don't need to directly govern the state, or even be particularly organized, in order to get what they want.

In the 1970s, amid economic stagnation and rising class conflict, the Left returned to a question that had long bedeviled it: the role of the state in capitalist society. Fred Block's 1977 article "The Ruling Class Does Not Rule," first published in *Socialist Revolution*, is perhaps the clearest articulation of a structuralist approach to this problem.

The essay was written at a time when social democracy was still at the height of its strength — and being radicalized by capitalist crisis. The electoral success of left-wing parties revived old debates about whether reformist governments could use state

power to legislate radical policies and challenge corporate influence.

For many Marxists, the idea that the "bourgeois state" can be used for such an agenda was anathema. Since the nineteenth century, much of the socialist left has seen the state under capitalism not as a neutral body but as an aspect of capitalist rule. It's a notion that has rested on the belief that, as the economist Paul Sweezy put it, the state is "an instrument in the hands of the ruling class for enforcing and guaranteeing the stability of the class structure."

During the twentieth century, however, this understanding was complicated by the spread of

political democracy. As workers in country after country secured the franchise, many wondered if socialist parties couldn't use elections to seize control of the state through parliamentary means. Indeed, after World War II, reformist parties and their trade union allies did just that — in Sweden, a workers' party ruled for almost half a century, from 1932 to 1976.

Beginning in the 1960s, the experience of these governments spurred a number of socialists to challenge the "instrumentalist" account of the state offered by Sweezy and others. Led by influential theorists like Ralph



Miliband, Claus Offe, and Nicos Poulantzas, these thinkers began to craft a different approach to the state, which treated it as “relatively autonomous” from business. They pointed out that the people who ran the modern state were often drawn from outside the ranks of economic elites; this was especially apparent in countries where strong social democratic parties, with close links to powerful trade unions, managed to win elections. As Poulantzas noted, “The direct participation of members of the capitalist class in the State apparatus and in the government, even where it exists, is not the important side of the matter.”

During the 1970s, debates were brought to a head by capitalism’s growing crisis and the adoption of more radical economic programs within left-wing parties. Yet not a single reformist government managed to make good on promises of an “electoral road to socialism.” In “The Ruling Class Does Not Rule,” Block tries to identify the structural mechanisms that explain this failure. His key point is that the constraints on radical governments do not depend on the active intervention of “class-conscious” capitalists. To exert influence, business leaders don’t need to be particularly organized or farsighted. Rather, the importance of private investment in capitalist society means that their interests will be catered to, even by avowed socialists in power.

Like Poulantzas, Block’s starting point is the inadequacy of the

“instrumentalist” view. That approach, he says, suffers from two fatal flaws: First, it ignores the crucial ideological function that the state’s independence plays in maintaining the veneer of neutrality. Second, it misunderstands the role of the state in securing the conditions for class rule. To act in the long-term interests of capitalism, Block points out, the state cannot be subject to the short-term interests of individual capitalists, whose motivations are, by necessity, narrowly self-interested. He criticizes the “personalistic reductionism” that presumes that, if the state has a class bias, it must be because it is occupied by powerful groups of capitalists.

That doesn’t mean individual capitalists cannot exert influence over the state, through lobbying, campaign contributions, or by personally occupying key positions in government. But, Block says, “While instrumentalists argue that influence is the core of ruling-class control of the state, it is really more like the icing on the cake of class rule.”

The problem, Block argues, is that Marxist state theorists, including most theorists of “relative autonomy,” remain committed to the idea that somehow, someday, a “class-conscious” ruling class exists, which shares “some degree of political cohesion, an understanding of its general interests, and a high degree of political sophistication.” But that belief is mistaken. Instead, in most societies today, there is a “division of labor between those who



accumulate capital and those who manage the state apparatus.”

According to Block, the individuals who run the state constitute an independent group of bureaucrats and elected officials, which he refers to as “state managers.” What constrains these state managers is not the manipulations of shrewd capitalists, secretly pulling the strings of government, but the state’s own dependence on capital accumulation for its survival. Carrying out social democratic reforms requires an economy that can generate jobs



and tax revenue. As the Swedish politician and economist Ernst Wigforss put it: “Because Social Democracy works for a more equal and more just distribution of property and incomes, it must never forget that one must produce before one has something to distribute.”

Simply, a capitalist economy requires that business continues to invest, which requires that governments create a climate that encourages investment. But this raises a dilemma for the Left elected to office — too radical a

reform program can drive capitalists to halt the flow of investment.

Block argues that the decision to invest reflects capitalists’ calculation about the likelihood of earning a profit, but also about the safety and stability of their investment: “The sum of all of these evaluations across a national economy can be termed the level of business confidence. As the level of business confidence declines, so will the rate of investment.” When capitalists stop investing, the result is an

economic crisis, growing unemployment, and/or inflation — along with other macroeconomic problems, declining tax revenue, and, usually, a sharp fall in support for the government.

This investment control means capitalists can discipline state actors without any organization or participation in state activities. But that doesn’t mean that whenever the Left has governed the capitalist state, it’s done so with the support of capitalists. Throughout its years in power, for example, Swedish social

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**To exert influence, business leaders don't need to be particularly organized or farsighted.**

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democracy met with near-constant political opposition from the country's leading employer associations. Despite this resistance, leftists managed to construct an expansive welfare state and hugely broaden the scope of working-class power. It's crucial, however, that capitalist opposition never escalated to the point where it stopped the flow of investment.

To demonstrate what this would mean in practice, Block sketches out a scenario in which a reformist government pushes beyond the bounds of what business is willing to accept, resulting in a cascading response from investors. The first manifestation of business's unhappiness, he says, is often a speculative attack on the currency by global financial markets. That raises fears of domestic inflation and compels the government

to either reverse course or risk isolation by taking more radical steps (such as the introduction of strict controls on the movement of capital). Eventually, the government finds itself trapped in a bind: increasingly isolated, and confronted with a mounting political and economic crisis, its hold on power begins to slip, until it either gives in or collapses.

At the time that "The Ruling Class Does Not Rule" was published, something like this scenario had recently played out in a number of countries, notably Chile under the radical socialist government of Salvador Allende.

The flip side of the state's dependence on "business confidence" for its survival is capitalism's dependence on class struggle to give it the capacity for self-reform. Since capitalists must prioritize short-term self-interest over the long-term needs of the capitalist economy as a whole, left to their own devices, they are incapable of rationalizing the system, Block contends. "By 'rationalization' ... I am referring primarily to the use of the state in new ways to overcome economic contradictions and to facilitate the integration of the working class," he explains.

Block's arguments on this score may seem somewhat antiquated to contemporary readers, after decades of union decline and falling strike rates. But they made perfect sense at the time the piece was written — for Western capitalism, the years after World War II were characterized by rapid economic growth and nearly

full employment, but they were also marked by high levels of class conflict.

In these circumstances, governments across the Western world were forced to make concessions on issues like public health and education, and they instituted increasingly generous welfare measures. But the nature of these systems varied dramatically. Ironically, it was Scandinavian social democracy — then in the midst of a postwar "Golden Age" — that proved most clearly that, in order to benefit labor, a left economic program must also facilitate capital accumulation.

In Sweden, the social democrats' postwar economic strategy attempted to kill two birds with one stone, by creating a large, generous welfare state while compressing wages through centralized, national wage bargaining. The postwar model produced dynamic economic growth. The centralized wage agreements of this era were effective in compressing the wages of higher-paid and lower-paid workers toward the middle. That facilitated working-class organization and solidarity. In return for wage restraint at the top of the earnings distribution and guarantees for the private property of capitalists, Sweden's working class got full employment (even in July 1989, the unemployment rate was 1.3 percent).

But these arrangements also provided significant advantages to business. Employers, for instance, got industrial peace: after World



War II, strike levels remained lower than almost anywhere else on the European continent for decades. Moreover, this model favored highly productive and more capital-intensive firms, which tended to pay higher wages and therefore benefited from the downward pressure on pay rates for the highest-wage workers, at the expense of less efficient, labor-intensive firms that suffered from elevated wage costs.

These achievements weren't matched anywhere else, but in other developed countries, we saw similar patterns at work in the

postwar period. That, of course, is no longer the case today — as Block notes, business, if left unchecked, will never accept these kinds of rationalizing reforms. The past four decades of neoliberal retrenchment are testament to that fact.

However, Block also points to circumstances in which business's "veto" power over the state weakens, such as during wars, depressions, and periods of economic reconstruction. These moments of crisis, when the state takes the lead in directing economic development, allow

reformist governments to go on the offensive — in place of their normal dependence on private investors, they offer state managers opportunities to assert their own power.

In a recent postscript, Block suggests that we may be entering a period like that now. We could indeed soon have the chance to pass major reforms over corporate opposition. But in the long run, if we are to make good on our socialist program, we must find a way to end the business veto once and for all. ■

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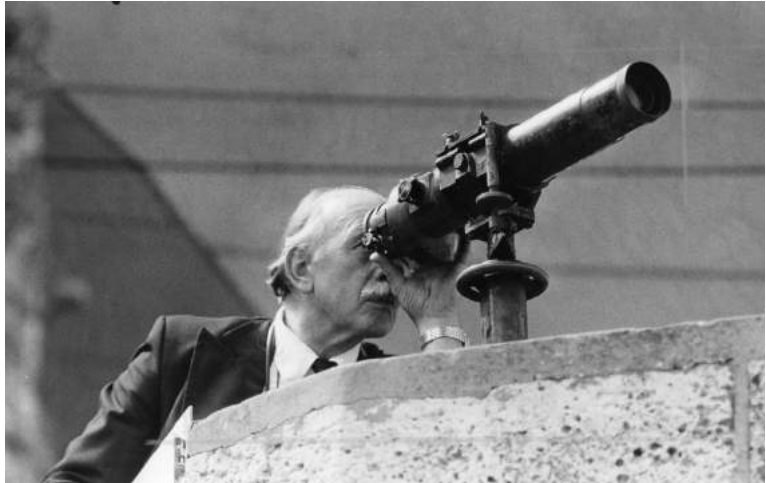
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# Know Your Enemy

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**G. William Domhoff's work is a vital reminder that the task of changing society begins with understanding who holds power in it, and how.**

In 1968, the young sociology graduate student Martin Nicolaus gave a speech at the American Sociological Association excoriating his discipline. “The eyes of sociologists,” Nicolaus argued, “have been turned downward, and their palms upward.” In other words, sociologists study those at the bottom of society, at the behest of and to the benefit of those on top. He challenged his colleagues to play a different role, to turn the machinery of

observation around, and instead subject those at the top of society to their scientific scrutiny, for the benefit of those at the bottom.

By and large, sociologists have not taken up Nicolaus's challenge. One social scientist (perhaps not coincidentally, a psychologist rather than a sociologist), however, has made a career of doing so: G. William Domhoff.

In 1967, Domhoff published the first edition of *Who Rules America?*, a book that set out to map the power structure of American life. Written in the mid-1960s in the wake of civil rights and free speech movement organizing, the book answered its titular question by mobilizing an array of sources to demonstrate that policy in the United States is overwhelmingly made by and for the rich. Over the next fifty years, Domhoff would produce six additional editions of the book, revising, updating, and expanding it significantly.

Domhoff started from the earlier radical sociologist C. Wright Mills's concept of “the power elite.” For Mills, the power elite were the group of people at the heads of important American institutions like corporations, the executive branch, and the military, and their control over these organizations allowed them to dominate American policymaking.

Both Mills and Domhoff kept their distance from a certain kind of Marxism, and they were at pains to emphasize that they endorsed no grand historical theory about the role of class. Nonetheless, in *Who Rules America?*, Domhoff narrowed Mills's theory of organizational hierarchy, refining it to an account of the specific role of the upper class in dominating those institutions. All subsequent editions of *Who Rules America?*, as well as many of Domhoff's other books, have been devoted to developing this basic theory that the story of American politics is

the story of its domination by the group Domhoff would come to call “the corporate rich.”

Domhoff’s argument has two primary moves. First, he demonstrates the existence of a relatively cohesive upper class in the United States, as well as that class’s importance in filling the top roles in government and corporations. Second, he lays out four mechanisms that allow that class’s members to control American politics.

Though today many of the ultrarich prize their anonymity, in the mid-1960s, it was actually easier to collect data on the social networks of the upper class than on the structure of corporate control. Yearly publications like the *Social Register* and *Who’s Who in America* were published as directories for the upper class, and prep schools proudly published lists of their alumni. Domhoff mined these sources and more to demonstrate that the upper class functioned as a distinct layer of society, intermarrying and socializing overwhelmingly with one another.

The upper class is also who controls large corporations. Many large corporations are either privately owned by an upper-class family (like the Koch brothers) or are publicly traded companies in which one family has a major block of equity, granting them a significant amount of control. And although many corporate executives come from middle-class backgrounds, their entrance into the corporate management

structure typically comes through education at elite schools, where they are socialized alongside the scions of the upper class.

In the world of 2020, these points may seem blindingly obvious to anyone to the left of Pete Buttigieg. But in the complacent world of 1960s social science, where assertions that the United States was a classless society could easily win wide agreement, from the seminar room to the opinion page, Domhoff’s painstaking work documenting the exclusivity and power of the upper-class network posed a formidable challenge to the received wisdom.

From here, Domhoff argues that the corporate rich exert their control over politics through four different processes: the special interest process, the opinion shaping process, the candidate selection process, and the policy planning process.

The first three of these describe phenomena that are familiar enough. The special interest process is Domhoff’s term for the influence lobbyists are able to exert over both legislators and regulatory bodies. The opinion shaping process concerns the ways in which corporate public relations and corporate ownership of mass media coincide and influence public opinion. And the candidate selection process describes how practices like campaign contributions and lucrative sinecures for retiring politicians work to keep the spectrum of official political opinion well within the boundaries set by the preferences of the

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**In the mid-1960s, it was actually easier to collect data on the social networks of the upper class than on the structure of corporate control.**

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corporate rich. Though few would doubt the importance of these processes in American politics, Domhoff documents their existence and effectiveness with a rigor that is rarely matched.

The fourth process, however, is one that is less familiar. While everyone knows that corporations maintain a diverse investment portfolio of politicians, fewer are familiar with the network of foundations, think tanks, and discussion groups in which they also invest considerable capital.

Foundations are the vehicles through which the corporate rich dole out money to think tanks and other organizations.

The think tanks that receive this money play a variety of roles in the



policy process. On the most basic level, they produce research and reports through which they hope to influence the policy environment. For example, in the late 1970s, the American Enterprise Institute led the charge for deregulation with a series of reports on the supposedly tyrannical power wielded by government agencies like the Occupational Safety and Health Administration and the Environmental Protection Agency. These reports, in turn, helped furnish the intellectual ammunition for the ultimately successful battle to convince the Carter administration to begin freeing the market.

At the same time, think tanks also provide training grounds and organizing centers for the people who will staff presidential administrations. When Ronald Reagan became president in 1981, he famously scooped up dozens of associates from the right-wing Heritage Foundation to implement his policies. Likewise, Obama's presidency had a revolving door with the Center for American Progress. If, as is said, personnel is policy, then think tanks play a large role in shaping policy through the personnel networks they build.

Finally, think tanks sometimes write legislation themselves. For example, the Affordable Care Act's individual mandate was originally proposed by the Heritage Foundation in the 1980s as an alternative to a single-payer system.

Together, these four processes allow the corporate rich to exercise considerable control over the direction of policy in the United States. In a number of historical works, Domhoff has expanded on the theory laid out in *Who Rules America?* to provide a cohesive analytic narrative of twentieth-century American history that centers around the political dominance of the upper class.

Domhoff's work makes a vital contribution to the task of understanding the structure of power in the United States. At the same time, however, his focus on the role of organizations and institutions in facilitating the rule of the corporate rich has led to a relative neglect of the structural features of corporate power. Even as he has exhaustively documented the undemocratic nature of American policymaking, his work, by virtue of its detailed focus on American institutions, offers little to help understand why, for example, countries throughout the advanced capitalist world have followed a similar trajectory of marketization since the 1970s.

For leftists who came of age during these neoliberal doldrums, there has been an understandable tendency to romanticize and exalt the history of struggle from below. However, Domhoff's work is a vital reminder that the task of changing society begins with understanding who holds power in it, and how. ■

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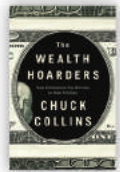
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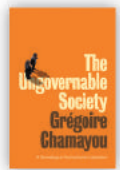
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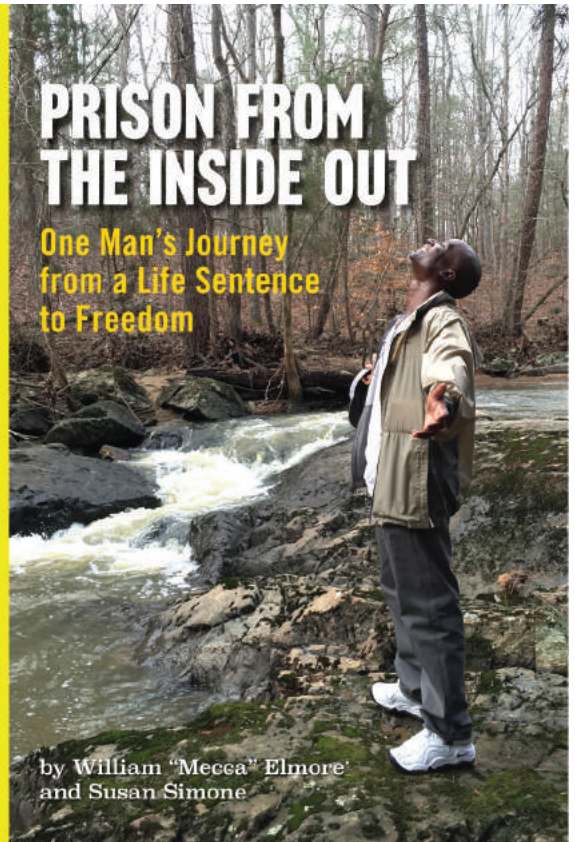
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